



## Inquiry shows increase in racist attacks

By Julian Haviland, Arthur Osman, and Ronald Kershaw

The Government has found disturbing evidence that racist activity is on the increase, Mr William Whitelaw, Home Secretary, told prominent members of the Indian community, last night.

He said he was "very concerned about the incidence of attacks by racists, especially in London". He condemned the "brutish and irrational hatred" of deprived and cowardly people, which he said had already cost lives.

His speech in London was based on the preliminary findings of officials who were asked to look at the incidence of alleged racist attacks.

The inquiry was started at the request of the all-party Commons committee on racism. Since the beginning of May, officials have been visiting police districts in England and Wales where racist attacks have been reported.

Mr Whitelaw said the outbreak of violence in Southall last Friday was deeply saddening in view of the enormous efforts for good race relations made there. He said the provocation by skinheads was "despicable and criminal" but there was no excuse for the violence which was then directed against the police.

Extremists of the left and right needed one another, and sought to use minority communities as a battleground for a conflict from which the minorities would obtain no benefit.

The rule of law was the only foundation of a multi-racial society, and required the community to support, not attack, the police.

Mr Whitelaw appeared to offer Liverpool some hope of Government aid towards repairing the damage when he made a tour of the riot area yesterday.

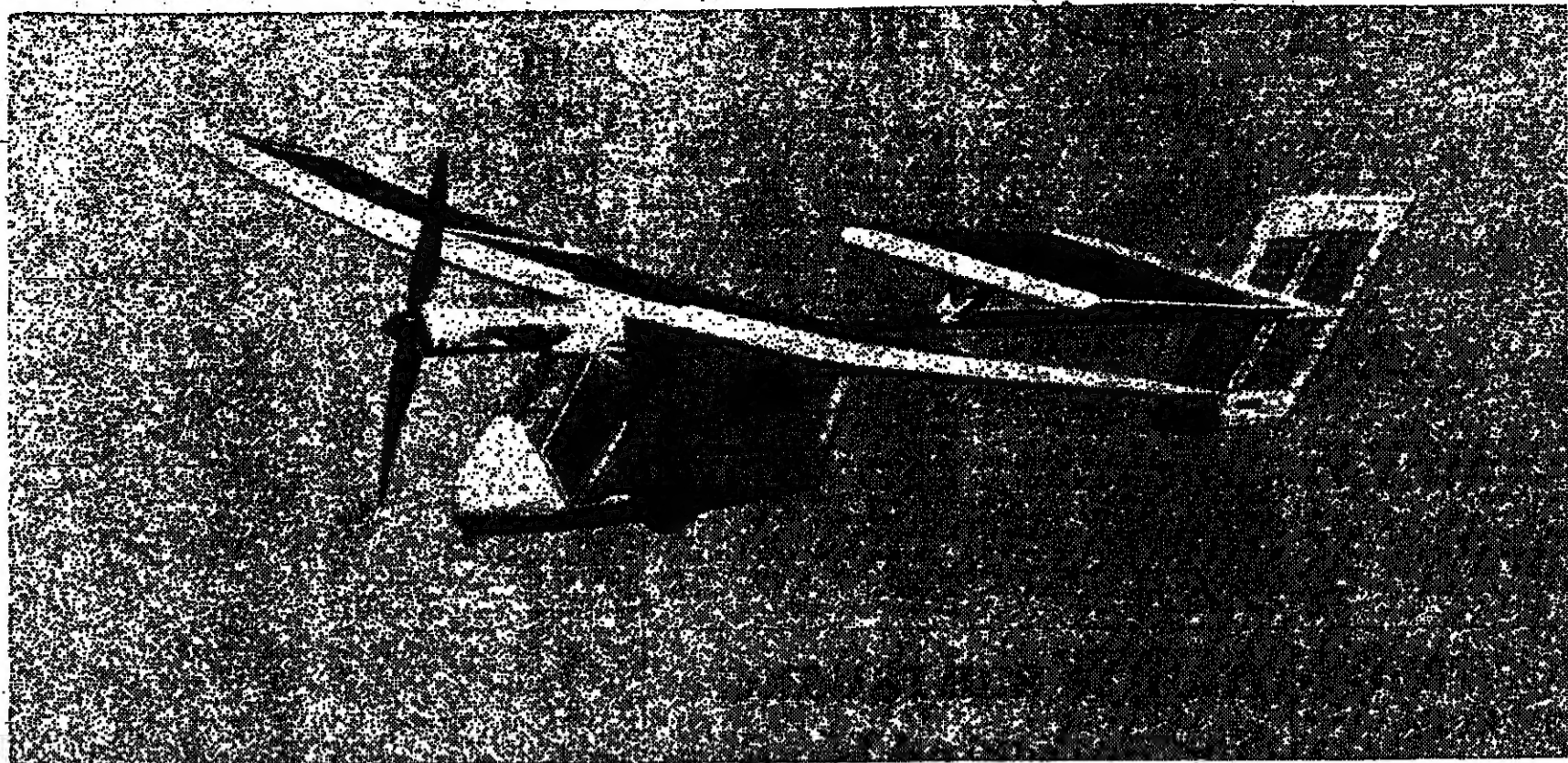
He said he would report to his Cabinet colleagues but added: "I can say no more about it now."

He met members of Merseyside Community Relations Council to discuss the underlying reasons for the riots. Later, Mr Whitelaw said that Mr Whitelaw had agreed that there was no evidence to suggest that the riots had been caused by outside agitators.

A spokesman said: "He also accepted the need for response to the underlying issues which we indicated were racism, unemployment, education and police behaviour."

Mr Whitelaw had agreed to discuss with Mr Kenneth Oxford, the Chief Constable of Merseyside, their concern that the manner of police action in the riot area might have been provocative.

"We stressed several issues on which immediate action for the future will be required," these included the importance



Dr MacCready's wonderful flying machine, Solar Challenger, coming in to land in Kent.

Photograph by Chris Ball

## Nice day for a flight across the Channel—by 16,000 solar cells

By David Nicholson-Lord

A young American pilot landed successfully at Manston airfield, Kent, yesterday to complete the first flight across the English Channel, powered solely by sunshine.

The 180-mile journey from took five and a half hours, at a cruising speed of 37 mph.

After landing at Manston, Mr Stephen Fead, aged 23, of Colorado, climbed out of the plastic cockpit of the Solar Challenger, which weighs 98kgs without a pilot, and said that the aircraft had handled perfectly.

The flight of the Solar Challenger is the third triumph for

a team of aeronautical engineers from California, led by Dr Paul MacCready. The team of eight men, with Mr Fead, had spent a month on the Continent waiting for the right conditions to complete their £340,000 project. Yesterday's sunny skies provided them.

The designers of the aircraft, which derives its power from more than 16,000 solar cells worth about £60,000, were quick to emphasize that it had no immediate commercial applications. But Dr MacCready said it had achieved its aim of focusing attention on solar energy as an alternative to oil.

"If solar cells can carry a man from France to England it proves they have muscle and are useful for more than just wrist-watches," he said.

"Our thinking over the past 70 years has been conditioned by the ready availability of lots of cheap energy and relatively inexpensive materials. Times are changing and we are going to have to get by on less."

One leader of the aerospace industry described the flight as perhaps "one of the most significant days in the history of aviation."

The Solar Challenger's crossing was made at 11,000ft. The

Channel crossing itself took less than an hour.

The solar cells for the Challenger, which produce a maximum of 1.1 kw per square metre, were loaned by the NASA space agency. Du Pont, the American plastics firm, sponsored the project.

The aircraft has a wingspan of 47 ft, is 30 ft long and is made of advanced lightweight plastics. The cells, on the tail and wings, drive two tiny electric motors measuring 15cm by 8cm. Unlike previous solar-powered aircraft, the Challenger used no batteries.

In 1977 Dr MacCready's team won a £50,000 prize for the first sustained and controlled human-powered flight.

Solar power for airliners and military aircraft is not feasible in the immediate future, but the world aerospace industry does not discount it as a form of propulsion by the middle years of the next century (Our Air Correspondent writes).

It is considered quite possible that the airliners of that era could "draw" their power from the sun while cruising at high altitude, using traditional engines for takeoff and landing.

## Botham quits as captain after Test

Ian Botham resigned as England's cricket captain last night after the Second Test against Australia at Lords, had been drawn. Botham, aged 25, has won none of the 12 games in which he has led England. It is likely that Michael Brearley, his immediate predecessor as captain, will replace him.

The chairman of the England selectors, Alec Bedser, would not agree to Botham's request to be appointed captain for the four remaining Tests, made immediately after yesterday's drawn game. "I felt it was unfair to myself and the team to continue on a one-match basis," Botham said.

John Woodcock, page 19

## Interest rate fears allayed

News of slower monetary growth in June has allayed fears of an imminent rise in the Bank of England's minimum lending rate, although the Bank has indicated that it wants money market rates to remain above 12 per cent. Any change is likely to depend on sterling performance.

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## New Primate of Poland named

The Pope has appointed the Bishop of Wroclaw, Mr Jozef Glemp, as Archbishop of Gniezno and Warsaw. This makes him Primate of Poland in succession to the late Cardinal Wyszyński, with whom he collaborated closely between 1967 and 1979 and whose policies he continues.

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## Woman to join Supreme Court

President Reagan has appointed Mrs Sandra O'Connor to the Supreme Court ending two centuries of male exclusivity. Announcing her appointment, personally, Mr Reagan described Mrs O'Connor, a judge of the Arizona Court of Appeals, as a person for all seasons. Mrs O'Connor, aged 51, has enjoyed a meteoric rise in Arizona's political and judicial circles.

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## British Steel loses £668m

British Steel yesterday announced its biggest annual loss ever, £668m, and warned of further plant closures if its Government-approved survival strategy fails. Reasons for the huge deficit included a slump in demand, fierce competition from Europe and the three-month strike last year.

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## Cigarette prices to be held down

Cigarette prices are unlikely to rise immediately despite the 3p increase in duty which takes effect today. Gallaher is to absorb the increase to avoid a fall in sales and other manufacturers will follow as the price war intensifies.

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## Whitehall gloom after snub

The Foreign Office is trying to pick up the pieces after the Moscow snub for Lord Carrington's initiative on Afghanistan. Britain's hopes rest on the fact that the Soviet Union has not yet formally rejected the European plan.

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## Prior hopes to give a job to every teenager

By David Blake, Economics Editor

A package worth £1,000m a year to subsidise 700,000 workers, many of whom will lose their jobs if funding is cut off.

Holding down public spending to the planned figures is proving difficult because many previous exercises in cuts under the present Government are turning out to have been cosmetic.

Some spending programmes on which no formal decision had been taken were left out of the estimates for 1982 or beyond, published last year, to make the total lower, even though it was obvious that money would be needed.

In addition, the depression makes it difficult to be sure that nationalised industries will be able to meet their profit targets while many local authorities show no sign of falling in with plans for spending cuts.

Although opposed to any general reflation, Mrs Thatcher is thought to be worried by the scale of youth unemployment. A number of schemes to make it more attractive to employers, including exempting them from employers' national insurance contributions when under 18, have been under consideration in Whitehall.

The most likely time for an announcement of the package is the autumn, when the Government has finished drawing up its plans for public spending for the year beginning next April, although an earlier statement is possible.

Supporters of the scheme are likely to argue that the costs of rising unemployment among young people illustrates the dangers of youth unemployment.

One problem beginning to emerge is what happens to young people after they have undergone their period on the Temporary Short-Time Working Compensation Scheme,

which is now subsidising 700,000 workers, many of whom will lose their jobs if funding is cut off.

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## Monetarism rejected by Schmidt

By Our Foreign Staff

Scepticism about Britain's monetarist economic policies was expressed yesterday in an interview given by Herr Helmut Schmidt, the West German Chancellor, and in Washington in a staff study by the congressional joint economic committee.

Mr Schmidt said West Germany will not "under any circumstances" adopt a monetarist policy. He told the *Hamoversche Allgemeine* "We have achieved our success with our stability policy since the beginning of the 1970s."

He said the success of various instruments—which were used simultaneously. This included a policy of money supply but also taxation, budget and incomes policies.

The congressional study credits Germany with the best performance because monetary targets have been pursued as part of a co-ordinated strategy involving government guidance on prices, and wages, and because cooperation between West German labour and management has helped productivity.

Asked whether he envisaged West Germany siding with Mrs Thatcher and President Reagan against the policies of President Mitterrand at the forthcoming world economic summit in Ottawa, the German Chancellor did not answer directly. He pointed to the differences between the situation in France and West Germany—higher unemployment and inflation in France but a healthy budget and balanced payments—then added that West Germany's economic policy was somewhere between the British and American type and that of France.

The Chancellor said he did not expect a very great change in President Reagan's high interest rate policy.

Congress report, page 4

## Guilty secrets of Russia's rouble millionaires

From Michael Binyon, Moscow, July 7

He always goes out looking like an ordinary plumber. His wife shops in the market far from her home where no one knows her. When anyone knocks at the door, the family hastily hides everything in sight while the wife pretends she cannot open the lock.

Only once a year when they go on holiday to the Black Sea do they live in the style they can afford—as millionaires. In the resort town of Sochi they hire a flat, live it up and squander money. But every evening they telephone a relative in their locked and shuttered home to see that everything is all right.

No one would think that this family, like an increasing number in the Soviet Union, lives off a golden fountain of ill-gotten gains.

Others, especially from the treacherous Caucasus republics, revel in their wealth. When the family comes to Moscow, a private taxi waits outside their hotel. The chauffeur is sent on dozens of errands—to the market for flowers for the receptionist, to the café for mineral water, to the bakery for special cakes.

As *Literaturnyia Gazeta* recently depicted them, they

live like the old aristocracy. Whenever they arrive people scurry round to compete for custom, offering chic and expensive furniture, imported toilet bowls—still the acme of fashion, and the yardstick of success for the parvenu—as well as matching pastel baths and basins.

Two cars carry their purchases back to their secret treasure-store in a village outside the city. A huge well-packed container is sent to the station with furniture supplied on the strength of a special stamp in their Moscow residence-permits.

No matter that the law forbids its export from the city: wads of banknotes circumvented that small difficulty.

Millionaires live well in the Soviet Union, and few people ask questions. The usual assumption is that somewhere there is a link to the profitable black market. But that link is rarely seen.

Mr Evdud Kadyrov was director of the social security office for industrial enterprises in Azerbaijan. For a consideration he would direct cars intended for invalids to the garages of perfectly healthy people. This profitable sideline enabled

Continued on back page, col 8

## Synod rules that divorced people can remarry in church

From Clifford Longley, Religious Affairs Correspondent, York

The Church of England's General Synod yesterday declared that divorced people married in church, in certain circumstances.

The vote, at York, reverses the defeat of a similar motion three years ago, and is the culmination of a decade of controversy.

Procedures and regulations to implement the new policy have still to be worked out, and it was clear that some members wanted only a very restrictive approach.

The Synod accepted a change in the wording of the motion, from "remarriage" to "marriage", which was pressed by Anglo-Catholics wanting some kind of an annulment process.

The Church should have machinery to inquire into the circumstances of each case, assessing moral responsibility for the breakdown of the previous marriage, and the sincerity of the applicant's repentance.

However, many clergy have been refusing to perform second marriages, which they may already do under civil law, only so long as the General Synod stood by the old policy. Some of them will not wait for the new regulations to come into force in two or more years time.

In July, 1973, a motion "that the Church of England should



Dr Montefiore: Given overwhelming support.

now take steps to permit a divorced person with the bishop's permission to be married in church" was defeated by 213 to 206. Yesterday's motion was carried by 296 to 114.

Several speakers expressed concern at the way the public would interpret the change. There was overwhelming support for the Bishop of Birmingham, Dr Hugh Montefiore, who proposed the addition of the words "... marriage should

always be undertaken as a life-long commitment", as a pre-emptive to the motion.

The dilemma facing the Synod was summed up by the Bishop of Winchester, Dr John Vernon Taylor, who pointed out that the Church of England had maintained the most restrictive discipline on marriage breakdowns of any important church in the world, while the divorce rate in England had risen to the highest in Europe.

The Church appeared to be saying that divorce was a misfortune about which it could do nothing, but that the more serious sin was to marry another person afterwards, even long afterwards. "This is not true to the teaching of Jesus for whom the principal transgression was the hardness of heart that would demand the putting asunder of what God had joined together".

Among the most persuasive interventions was that of the Archbishop of Canterbury, Dr Robert Runcie, who said that the Church seemed to be contradicting its own teaching, tributing to the stigmatisation of those whose marriages broke down. He knew of no evidence that the Church's belief in indissolubility acted as a significant influence on people in the throes of marriage breakdowns.

Continued on back page, col 1

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# Filibuster by unions over labour law reform alleged

By Donald Macintyre

TUC leaders were accused by an MP yesterday of filibustering by refusing to meet the deadline set by the Government for evidence in its review of labour law reform.

But Mr William Keys, chairman of the TUC Employment Policy and Organization Committee, denied at the Commons Select Committee on Employment that they were delaying their evidence on the Green Paper on labour law until after the September TUC Congress in a deliberate attempt to forestall legislation in the next session of Parliament.

He told MPs that it was essential to have detailed talks within the unions on an "issue of fundamental importance" to the movement.

Mr John Gorr, Conservative MP for Hendon, North, told him that the impression had formed that "the delay is not for the reasons you state but in order to filibuster".

Mr Keith Wickenden, Conservative MP for Dorset, put it to Mr Keys that if the Government did not include proposals for fresh labour legislation in the Queen's Speech, it would not be able to introduce reforms until a later session.

Answering the charge that this was the purpose of the TUC's refusal to meet the June 30 deadline, Mr Keys said: "We are still, hopefully, in a democracy and as a part of that democracy we are entitled to consult our constituents." That could not have been done fully within the time limit.

The Confederation of British Industry, which has proposed widespread changes, including immediate reforms on the closed shop, should remember that it had been given "a bloody nose" in the strike which followed the 1971 Industrial Relations Act.

The Government was now being given "very bad advice" by the employers' organizations, and there was "deep unease" among individual members of the Confederation about its collective stance.

Industrial relations had been a great deal worse off after the 1971 Act. "The CBI should make up its mind whether they want to play politics or try to improve industrial relations. They can't have it both ways."

Mr Jonathan Aitken, Conservative MP for Thanet, East, asked whether Mr Keys thought it right that Fleet Street should enjoy trade union immunities even when they acted "in total disregard of their own unions' agreements".

Mr Keys said that the problems of Fleet Street were exceptional, and would not be solved by legislation.

## Dockyard transfers proposed

By Alan Hamilton

Government policies came under fire from trade unionists outside the House of Commons yesterday as two demonstrations converged to lobby MPs.

An estimated 3,000 naval dockyard workers from Portsmouth and Chatham, and members of the Transport and General Workers' Union, were protesting at the proposed loss of dockyard jobs under the recent defence cuts announced by Mr John Nott, Secretary of State for Defence.

The marchers sported badges saying: "Jobs—yes! Trident—no!", and many wore tee-shirts emblazoned with "Maggie Thatcher—dockyard snatcher".

Police took their banners and placed them inside the Commons door for safekeeping. One woman carrying a large Union Jack, an unusual adornment for trade union marches, refused to give it up and was turned away.

They chanted "Maggie Thatcher, out out out", while groups were admitted to see their case to Mr Nott.

The defence cuts provide for the closure of Chatham dockyard by 1984, with the loss of 7,000 jobs, and the reduction in the work force at Portsmouth by 6,000 by the same date, with no further refitting of surface ships there.

Across the port, 400 college and polytechnic lecturers queued to see MPs in protest at the decision expected soon from Mr Mark Carlisle, Secretary of State for Education, on who should sit on the Bursaries Committee, which negotiates the salaries of further education lecturers.

The lobbyists, members of the TUC-affiliated National Association of Teachers in Further and Higher Education, were protesting at Mr Carlisle's proposal to give a seat on the committee to the Association of Polytechnic Teachers, which they claim is small and unrepresentative.

**MP TAKES UP CASE OF PREECE**

By Stuart Tessler

The case of Mr John Preece whose conviction for murder was quashed by a Scottish court last month, has been raised with the Parliamentary Commissioner, the Ombudsman.

Mr Jack Ashley, Labour MP for Stoke-on-Trent South, has asked the Ombudsman to find out why Mr Preece was not freed until 1981, four years after doubts were raised about the work of Dr Alan Clift, a forensic scientist criticized by the judges at Mr Preece's appeal.

Mr Ashley says that questions about the scientist's work were referred to the Director of Public Prosecutions in 1977. In June, 1978, Mr Preece's solicitors asked for his case to be reopened but were told by the Scottish Office he had insufficient evidence.

They tried again in June, 1979, the Home Office studied the results of investigations into Dr Clift's work which said there was not enough evidence to doubt Dr Clift's work.

**Pay awards cause £37m ILEA deficit**

The Inner London Education Authority ended the last financial year with an unprecedented £37m deficit, it was disclosed yesterday at a meeting of the authority's finance sub-committee.

It heard that a budgeted £712,000 surplus "was transformed into the deficit because of low balances and high pay settlements. The ruling Labour group of the authority will decide what to do at its meeting next Monday, but Mr Bryn Davies, the authority leader, said he was against the suggestion that a 2.5p supplementary rate should be levied.

## AUEW and railmen line up behind Healey

By Donald Macintyre and David Felton

The Amalgamated Union of Engineering Workers yesterday became the biggest union to guarantee its support for Mr Denis Healey in the contest for the deputy leadership of the Labour Party.

The National Union of Railmen also swung its support behind Mr Healey.

The block votes of the two unions, which total 1,098,000, had already figured in Mr Healey's campaign. But their confirmation gives the present deputy leader a significant psychological advantage over his main rival Mr Woodcock.

Mr Terence Duffy, AUEW president, said that a role change last year meant that the executive nomination which was agreed yesterday would bind the union's delegation at the Labour Party conference.

The NUR decision, which was taken at the union's annual conference in St Andrews, was on a ballot of delegates. The voting was 44 for Mr Healey, 29 for Mr Benn and 4 for Mr John Silkin.

The NUR vote was expected to go for Mr Healey, although the strength of support for Mr Benn reflects a gradual swing to the left by the traditionally moderate union. There are now 26,000 members on the 26-man union executive and elections now taking place could strengthen the left's presence on the executive.

The list of unions which have now committed their political voice shows that they will stand behind Mr Healey in the fight to secure the 40 per cent of the votes that the unions hold in the electoral college which will elect the deputy leader on the eve of the conference.

However, several large unions which are likely to support Mr Benn have still to take a final decision. The most notable are the Transport and General Workers' Union, which has 1.25 million political votes, the National Union of Public Employees (NUPE), with 600,000 votes and the Union of Construction, Allied Trades and Technicians (UCATT), with 200,000 votes.

The TGUW view will probably not be known until hours before the electoral college meets, although it may on the first ballot vote for Mr Silkin.

**130,000 may accept 54%**

By David Felton

Leaders of 130,000 industrial civil servants have told the Government that they are prepared to accept a 54 per cent pay rise for nine months so that their settlement date can be brought into line with that of white collar staff who have been taking industrial action for more than four months.

The industrial staff, who are mostly manual workers at royal ordnance factories and defence establishments, have been offered a 7 per cent increase from the beginning of this month which is the same as the offer made to 530,000 white collar workers, whose settlement date is April 1.

Michael Martin, national secretary for civil servants at the Transport and General Workers' Union, said last night: "A common settlement date for

all civil servants has certain attractions, not least the possibility of joint industrial action. "We have been made a bad offer this year and we take the view that we might as well make the best of a bad thing and try and get something worthwhile from the negotiations," Mr Martin said.

The suggestion of a common settlement has so far been rejected by government negotiators. The selective strikes by white collar staff has affected the pay of industrial civil servants, several thousand of whom have been laid off on basic pay.

It is with this in mind also, that the manual unions are seeking a common settlement date. Further talks with the Government are expected in the next two weeks.

Labour Reporters

## Police chief condemns parents of rioters

From Ronald Kershaw

Liverpool

Mr Kenneth Oxford, Chief Constable of Merseyside, yesterday condemned parents who allowed their children to roam the streets of Toxteth like thieves and vagabonds, on an "uncivilised rampage".

He gave a warning: "If the parents are not going to pick up their responsibilities and apply discipline it means that I have got to do it to protect the community at large."

Mr Oxford was speaking at a press conference after a night with "no particular problems". This was a relative judgment, however, compared with the weekend riots. On Monday night 67 arrests were made, 21 of them juveniles aged eight to sixteen, petrol bombs and stones were thrown at police and two officers were slightly injured. There was some looting and it took police only an hour to control the situation.

After praising the leaders of the black community, Mr Oxford said: "Unfortunately I cannot say the same for the parents of the young people who were exploiting the situation in Park Road last night, which was the only place we had any trouble. There was a crowd of some 100 plus of thieves and vagabonds."

Mr Oxford asked: "What in the name of goodness are these young people doing on the streets indulging in this behaviour at midnight? Is there no discipline that can be brought to bear on these young people? Are the parents not interested in their futures?"

He thought it "absolutely reprehensible" that girls of 10 and 13 had to be arrested. "If you can't get this message across to them then please don't criticise me for applying a positive policing approach."

"There are many people postulating views as to causes but let us not look for short term palliatives, let's go back to basic civilised discipline and get the parents of these young people to pick up their responsibilities and make sure that these kids are home and in their beds at midnight and not having bricks at policemen on the shop windows and police on an uncivilised rampage."

The chief constable said about 2,000 policemen were being employed to keep the area "cool". He said: "It's very costly and means that other policing responsibilities and other jobs that we have to do cannot be done here or in other parts of the country."

Mr Oxford said that in the Park Road disturbances on the night there were young white people but no black people. The black community in the area had listened to their community leaders and did as they were told and behaved in a civilized manner.

Asked if he agreed that the Army should be put on standby for Toxteth, Mr Oxford said: "No, I don't. That is an admission of failure. I am quite confident that the civil police forces are capable of dealing with the situation."

Mr Oxford received a measure of support for his views from mothers in the Lodge Lane area of Toxteth. They refused to give their names "because our windows would be in", but one suggested a curfew for children under 15, with fines for parents whose children were caught on the streets after a particular time.

Prudential Corporation, Britain's biggest domestic insurer, is to increase its home contents premium rates for particularly as a result of thefts and burglaries. Last year the group settled more than 400,000 home insurance claims and had a £6.7m loss on its domestic account.

**PLEA FOR MORE INNER CITY AID**

By Christopher Warman

Local Government Correspondent

The Association of Metropolitan Authorities, whose member councils include Liverpool and the other conurbations, is to seek an urgent meeting with the Prime Minister.

The association wants more government resources for the inner cities.

Mr Jack Smart, chairman, has told Mrs Margaret Thatcher in a letter that his association has often put the issues of the urban areas, such as lack of resources, social deprivation and increased unemployment, before Mr Michael Heseltine, Secretary of State for the Environment. It has protested about reductions in government assistance "but to no avail."

Mr Smart said that after the Brixton riots, the association asked him to go back to Mr Heseltine. "I did so, and while he expressed concern when we met him, there has again been no change in government policy."



A hooded rioter with a gas cylinder in upper Parliament Street, Toxteth.

## Hospital waiting list admissions halted

From Nicholas Timmins, Liverpool

Liverpool Area Health Authority has cancelled all routine waiting list admissions in the wake of the Toxteth riots.

The cancellations have affected scores of patients waiting for operations, including hip replacements and hernias. They had been made necessary because of the number of casualties, the need to keep beds open in case of further trouble and by the evacuation of 98 elderly patients from Princes Park Hospital.

To the rush to move the patients from the hospital, the building next door, 20 patients had to be moved to the physiotherapy department at Newsham General Hospital, where the ward was hastily erected, one was taken to Mill Road, Maternity Hospital and two to Alder Hey Children's Hospital. Those patients have since been moved again.

Although there seem to have been no serious consequences so far, health officials said yesterday they were worried about the long-term effect of the ordeal on the patients, some of whom were in their eighties.

**Children and the lessons of violence**

Teachers at Shorefields comprehensive school in the Park Road area of Liverpool, scene of Monday night's trouble, were yesterday trying to explain the consequences of the weekend's rioting to pupils.

The 100-pupil school in the Diaghlov Road area was being one of the toughest and also one of the most progressive schools in the city.

With only 60 per cent of its pupils attending, the remainder kept at home after sleepless nights or playing truant, Mr Elwyn Hughes, the school's deputy headmaster, said: "We've been telling them that if they turn down shops and loot shops the chances are that they will never open again. It's a community with a conscience to put the area on the map, but they are the losers."

Mrs Eileen Jellis, the headmistress, said: "We are trying to take them through the consequences of higher rents, higher rates, and shops not staying open and trying to get them to think out the consequences for themselves."

She agreed with the Chief Constable of Merseyside that it was up to parents to control their children. But she said: "When a situation gets out of hand like this I am not quite sure what control parents have."

Shorefields, since it was created in 1973, has made a determined effort to become a community school with evening courses and adult education for parents and school leavers. It has a wide range of well-supported activities outside hours, but has to fight limited resources and the consequences of unemployment in an area where, Mr Hughes says, unemployment reaches 48 per cent.

Unemployment among fathers of 16-year-olds at the school was 60 per cent. Mrs Jellis said: "Of the 230 pupils who left last year, only 36 had gone to permanent jobs. The rest had gone to places on the Youth Opportunities Scheme, or straight to the dole."

The schemes could be the force runner of a bigger plan by the Manpower Services Commission to inject cash aid into the run-down inner city area.

## Demand for release of 200 held by police

From Arthur Osman

Liverpool

Liverpool Labour Party's Young Socialists, already under attack in the Commons, renewed their demand yesterday that more than 200 people arrested in the riots should be released immediately and all charges against them dropped.

It was also claimed that the police would use the widespread looting that had taken place as a further excuse to harass people.

The parliamentary dispute broke out over the contents of a leaflet which carried the Labour Party's imprimatur and its Liverpool address. These were omitted from another leaflet circulated yesterday.

Mr Eric Heffer, Labour MP for Liverpool, Walton, had in his role of chairman of the party's organization committee, already ordered an internal inquiry into the first leaflet. He agreed there were parts of it not necessarily acceptable to the adult wing of the party.

Yesterday's publication accuses the media of lies and distortions about the riots. It calls for a Labour inquiry into Toxteth's difficulties and the large police presence in the area and what it calls racist comments of police leaders.

It continues: "The press rags have now called for the arming of the police to deal with the situation, as if CS gas was not enough. We believe that the police must be pulled out of the area. They have inflamed the situation with their brutality and mass arrests."

It is suggested that a committee for the defence of Toxteth should be set up, comprising representatives of the unions, local Labour parties and black organizations. "If we don't, more will be arrested."

The leaflet says: "In many instances looting was spontaneous. But we believe in many cases people were coming into the area merely in order to see the rioting as a cover for lining their own pockets. We are opposed to this looting."

The young socialists demanded that the Special Patrol Group should be disbanded and that Mr Kenneth Oxford, Chief Constable of Merseyside, should be dismissed for his racist remarks.

Mr Terry Harrison, a leading member of the Militant Tendency, who is a Labour member of Liverpool City Council, said that his telephone number was on the original leaflet purely as a contact point.

The Cheshire Merseyside Region of the Fire Brigades Union said in a statement yesterday that its members will not use water cannon for crowd control nor will they be used in training, servicing or maintaining such vehicles or equipment.

A total of 77 people, most of them white, appeared in court in Liverpool yesterday on charges arising from the latest riots (The Press Association reports).

The defendants, 24 of whom are juveniles, face accusations including assault on the police, carrying offensive weapons, theft, handling stolen goods, criminal damage and burglary. Most of the adults were remanded in custody, and the juveniles remained in care.

**JOBS HOPE FOR TOXTETH**

From Craig Seton

Several hundred unemployed young people in the riot area of Toxteth will be taken off the streets within a matter of weeks and provided with jobs or training for up to a year as part of an initiative to be announced by the Manpower Services Commission.

The plan was agreed yesterday by the commission's Merseyside and Cheshire Special Programmes Board, which decided that after the riots and violence there should be a big boost to youth opportunities in an area where unemployment has reached nearly 40 per cent.

The board is seeking businesses, industries, trade unions, and voluntary and statutory bodies in the city to suggest projects for youth jobs and training, which it will then fund.

## Many are unaware of hearing defects

From Pearce Wright

Science Editor

Preliminary results of a national study of deafness show that about 10 million people in Britain have a significant hearing defect. Moreover, one in ten of those examined who believed their hearing to be perfect had a disorder that amounted to some degree of disability.

Those are interim findings of a three year study, which began last July at clinics at Cardiff, Glasgow, Nottingham and Southampton. They are part of new projects by the Medical Research Council Institute of Hearing Research at Nottingham University, which has completed a new film research laboratory.

The next stage of the national study of deafness will look more closely at the types, causes and effectiveness of treatment.

But the conclusions of the project about the prevalence of deafness, the disturbing continuing buzzing in many people's ears, are already being used by doctors as a guide to treatment.

The national study indicates that one million people are suffering from deafness. R. Coles, deputy director of the institute, says: "We need to take the treatment of deafness more seriously. The majority of deafness is so common that it is often overlooked in noisy surroundings."

Trials with a device similar to a hearing aid, for masking the tinnitus background noise, have been very successful, Professor Coles said.

At the other end of the age range, fundamental research into inherited defects, which causes deafness in children, is yielding promising results in identifying the form of damage created by the genetic mechanism.

A method examining damaged cells using an electron microscope, devised by Dr. Kieran Steel, shows how the minute hairs which ultimately transform the vibrations created by sound into a nerve impulse differ between the normal and damaged ear.

How the hearing aid works has a long way to go before it opens a new approach to treatment. But an innovation in the development of hearing aids is being considered in investigations into psycho-acoustics, which could lead to a form of hearing aid which feeds low frequency sounds into one ear and high frequency sounds into the other.

The principle is straightforward. The hearing aid only amplifies the sound, but does little to improve clarity. Yet it has been known for a long time that sounds are distorted in some forms of deafness because the patient does not hear the low frequency sounds, which are mainly vowels, and the higher frequency vowels ones, mainly the consonants, with equal clarity.

**PC COMFORTABLE**

PC Francis Palmer, aged 27, who suffered a fractured skull in Saturday's rioting in Toxteth, was said yesterday by Walton Hospital to be in a comfortable condition after an operation. Of the 200 policemen injured, 32 are still in hospital.

**William Press & Son**

Our report of July 3 of the acquittal in the tax prosecution of William Press & Son, quoted a statement by a Revenue spokesman that the judge considered "it would be difficult for a jury to decide whether there was a conspiracy." We are asked to make it clear, and we accept, that the judge never suggested there might have been a conspiracy. He in fact emphasized the evidence of the Revenue's principal witness, who said he was sure the company and its senior executives would never have engaged in a criminal conspiracy.

**KILL BOY FOR**

from our

from our



The prosecution has alleged that the two men belonged to the Maryhill branch of the extreme Protestant organization.



# Whitehall puts a brave face on Moscow snub

By David Spanier, Diplomatic Correspondent

The Foreign Office made a valiant effort to pick up the pieces yesterday after the crack-up of Lord Carrington's initiative on Afghanistan.

Questions buzzing in the corridors of Whitehall as to whether the Foreign Secretary's flying visit to Moscow to present the EEC plan to Mr. Andrei Gromyko, the Soviet Foreign Minister, was really necessary, or whether it was all a mistake, received ambiguous answers.

It is not clear, first of all, if Mr. Gromyko intends to reply to the proposals, or whether his dismissal of the ideas of a conference not involving the Afghan regime as "unrealistic" says it all.

He may well reply in the sense of formally acknowledging the European proposal and restating the Soviet position, but that would not amount to very much unless at the same time he answered the specific points put to him.

It is also not known if the dialogue between Lord Carrington, as President of the European Council, and Mr. Gromyko is going to continue, in September, in the United Nations in New York, or if this is just a polite way of consigning the initiative to oblivion.

So far as Britain is concerned, the plan is to meet the table and it is up to Moscow to respond. The Ten will consider their own position when Lord Carrington reports on his trip at the political cooperation meeting in Brussels next week.

Without assurance of a dialogue with Moscow they cannot go much further with their ideas.

The best hope yesterday was that the Soviet Union had not formally rejected the idea. Mr. Gromyko evidently took a full part in the discussion.

Another question arises here as to why he received Lord Carrington at such short notice if he did not want to talk about Afghanistan. A very plausible answer is that Mr. Gromyko's main motive was to treat the occasion as a farce of international support at the United Nations and form a basis for future discussion, but no one is counting on it.

The impression in diplomatic circles yesterday was that little had been achieved. It may be that the European initiative will take off as an attractive international support at the United Nations and form a basis for future discussion, but no one is counting on it.

Washington: The United States yesterday was careful to keep open the possibility of a dialogue with Moscow, but there might still be of obtaining an international conference on Afghanistan by the EEC (Nicholas Hirst writes).

Mr. Dean Fischer, the spokesman for the State Department, said today: "We regret the unfavourable initial Soviet response to what we regard as a promising diplomatic initiative which conceivably could lead to an acceptable settlement in Afghanistan."

## Move in US towards grain deal with Russia

From Nicholas Hirst, Washington, July 7

Mr. John Block, the United States Agriculture Secretary, wants to start talks by the end of this month on a new agreement to sell grain to the Soviet Union.

A partial embargo on sales was imposed by President Carter after the Soviet intervention in Afghanistan. It was lifted earlier this year.

The present agreement expires in September. Under its terms the Soviet Union agreed to take a minimum of six million tonnes of grain from the United States every year for five years. It could buy a further two million tonnes without any consultation, but purchases above that amount were to be cleared first with the Government.

The embargo meant that sales for the 12-month period to September 1980 were eight million tonnes.

The embargo was lifted by Mr. Block in the face of growing opposition from Mr. Alexander Haig, the Secretary of State.

The State Department would not say today whether policy on grain sales was included in the review of East-West relations being conducted by Mr. Haig.

The Agriculture and State departments have also disagreed about selling butter to the Soviet Union. Under a price-support system similar to that operated by the EEC, the Department of Agriculture had bought \$1,300m (£684m) worth of butter at about \$1.50 lb, which it would be prepared to sell to the Soviet Union for \$1.10 rather than lose it all.

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"Sorry. You're still only an economic animal."

## Haig in trouble over remarks

From Nicholas Ashford, Washington, July 7

Mr. Alexander Haig, President Reagan's prickly Secretary of State, is in trouble again. This time he has come in for criticism in the Washington Post.

The article, written by Mr. Lou Cannon, the newspaper's White House correspondent, who is well attuned to what the President and his aides are thinking, says there is growing concern that the friction between Mr. Haig and other high-ranking Administration officials is hurting American diplomacy.

The report quotes senior officials as saying that the open rows between Mr. Haig and other members of the Administration have damaged the efforts to speak with a single voice on foreign policy.

Mr. Haig's latest troubles began when two of his aides criticized the performance of Mrs. Jeane Kirkpatrick, the American Representative at the United Nations, during the Security Council debate on the Israeli attack against an Iraqi nuclear reactor.

President Reagan tapped Mr. Haig's knuckles for this indication when the Secretary of State stopped off in Los Angeles on his way back from his trip to China. But barely had Mr. Haig left the President's hotel suite than he was in trouble again over some remarks he made to the press which were regarded as being implicitly critical of the Administration's policy towards China and Taiwan.

The development of the British economy since Mrs. Margaret Thatcher became Prime Minister two years ago provides a case study in the hazards of attempting to apply rigid and abstract theories to the functioning of an actual economy—particularly one which is in severe structural disequilibrium at the outset.

Henry Reuss, chairman of the Joint Economic Committee of the United States Congress, Mr. Reuss requested the staff of his committee to conduct a study of economic policies in numerous foreign nations to provide some guidance for American policy formulation.

The congressman guards against making broad generalizations, although it is evident from his comments that he has little sympathy for an essentially monetarist approach.

In his introduction to the staff study the congressman who is one of the most ardent liberal Democratic Party opponents of President Ronald Reagan's economic policies, notes that the study has been endorsed by the Joint Economic Committee. He labels British economic policies as "a dramatic and still unfinished experiment with monetarism."

Miss Catherine Hill, an economist on the staff of the Congressional Budget Office, wrote the chapter on the United Kingdom economy in the new study and stressed that "it is difficult to reach any conclusions on the effectiveness of Mrs. Thatcher's policies because they have not been implemented successfully."

The author has sought to present an even-handed analysis, quoting extensively both experts in Britain who are in sympathy with the Conservative Government's strategy and seek to provide technical explanations, and in some cases excuses, for why things have not gone according to plan; and quoting also a range of opponents to the Government.

In conclusion, however, Miss Hill leaves little doubt about her deep scepticism of Mrs. Thatcher's approach.

She points out that, despite public borrowing and money supply growth being far greater than Mrs. Thatcher desired, the British economy has come under intense pressure.

The study issued by the Joint Economic Committee suggested that no nation has found a means yet to make a purely monetarist approach a truly practical policy.

Indeed, in West Germany there has been a recent tendency to place less importance upon monetary targets, and in France there are indications that the authorities have not been taking monetary targets very seriously, the congressional report notes.

"In the United Kingdom, the monetarist experiment of the Thatcher Government has proved difficult — if not impossible — to put into effect, although the consequences of trying have been severe," Mr. Reuss said in a press release announcing the publication of his committee's international study.

The congressman, an advocate of selective credit controls and much greater central planning of industrial restructuring, asserted that the press release that "monetarism is a waning force in Europe."

## Lord Carrington's presidency embarks in choppy waters

From Michael Hornsby, Brussels, July 7

Britain's assumption of the EEC presidency which took place formally on July 1, will be ceremonially proclaimed in Strasbourg tomorrow when Lord Carrington delivers the traditional address of an incoming president to the European Parliament.

The Foreign Secretary had greatly hoped to be able to have something positive to say about his talks in Moscow last Monday, but the Kremlin's hostile reaction to the British-inspired proposal for an international conference on Afghanistan has apparently dented him that satisfaction.

With the EEC's Middle East diplomacy also running into the desert sands, owing partly to the sheer intractability of the issues and partly to the less than enthusiastic support of the new French President, Lord Carrington's chances of curing a foreign policy dash as EEC President are looking none too healthy.

This was always the aspect of the presidency which most appalled him, for he has never bothered to conceal his boredom with the EEC's day-to-day activities. The collective weight of the Ten can be felt, saw a positive impact not only on world events but on domestic opinion in member states like Britain, where the Community's credit rating is rock-bottom.

As President, it is part of Carrington's duty over the next six months to represent the EEC to the outside world, at the United Nations General Assembly in September for example, and at the Western economic summit in Ottawa later this month.

Britain would also dearly love to be rid of the festering fisheries dispute, and may call a special Council meeting of fisheries ministers later this month in an attempt to break the back of the quarrel before it becomes intractably caught up in the budgetary and agricultural negotiations.

The Government's other chief objectives have been shrewdly chosen because they offer a potential national benefit for which an impeccable Community case can also be made. They include the completion of the common market in insurance services, the de-control of air fares and extending the intra-Community recognition of professional qualifications.

There is a reasonable chance of progress in these areas, though if it occurs it will be as much in spite as because of Britain's occupancy of the presidency, a task which makes it difficult for the incumbent to devote his full attention to the pursuit of national interest.

The main duty of Lord Carrington and fellow Cabinet ministers, such as Sir Geoffrey Howe and Mr. Peter Walker, is the chairmanship of the 40 to 50 EEC ministerial councils scheduled between now and the end of the year.

Although the presidency offers the incumbent government some leverage, for example in the drawing up of agendas, it is much less than is widely supposed, and the strain of trying to combine the roles of impartial judge and national advocate can be acute.

It means, among other things, that Britain will have to double up at every Council meeting, sending a senior minister to take the chair as EEC president, and a more junior colleague to defend Britain's corner in the rough and tumble of debate.

## Mitterrand to map out the role of Parliament

From Charles Hargrove, Paris, July 7

The newly elected National Assembly, with its huge Socialist majority, will get down to work in earnest tomorrow afternoon when President Mitterrand's message, which is the only means by which a president communicates with Parliament in the Fifth Republic, will lay down the main lines of the Government's action. The details will fill in after the speech of Mr. Pierre Mauroy, the Prime Minister, in his policy speech.

The presidential message will develop three themes. The first is the Government's determination to rehabilitate the role of parliament.

Mr. Louis Mermée, the new president of the assembly, had, on being elected last week, insisted on the need to reinstate it in its rights and dignities, and on the readjustment of the powers of the executive and the legislature.

In fact, the overwhelming left-wing majority and the determination of Mitterrand to exercise his powers in the very sovereign manner reminiscent of General de Gaulle will make this readjustment difficult if not impossible in practice.

The President will, however, insist, and this is the second theme of his message, on the role of Parliament in the social transformation of French society.

The third theme is the implementation of all his campaign promises, including the controversial programme of nationalizations, which the Prime Minister is expected to develop in some detail.

According to sources close to the Elysée Palace, the programme of nationalizations would be not unlike a three-stage rocket. The first stage would involve the three broad sectors to be nationalized: banking, steel and armaments.

The second would involve the five industrial groups whose shares are widely distributed among the public: Rhône-Poulenc, Saint Gobain, Pechiney-Ugine-Kuhlmann, the Compagnie Générale d'Electricité, and Thomson-CSF.

These three stages would be the subject of a Bill to be tabled in Parliament next autumn.

The third stage would involve those three "nationalizable" industrial groups which have strong links with foreign firms. Their fate does not yet seem to be decided. Negotiations with the foreign firms concerned would, in any case, have to be carried out first.

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## Supreme Court nominee is a woman

From Our Own Correspondent, Washington, July 7

President Reagan ended two centuries of male exclusivity in the Supreme Court today by nominating Mrs. Sandra O'Connor, a judge on the Arizona Court of Appeals, to succeed Justice Potter Stewart, who is retiring.

If confirmed she will be the first appointment to the Supreme Court for six years. President Reagan announced her nomination in the White House press office, describing her as "truly a person for all seasons, possessing those unique qualities of temperament: fairness, intellectual capacity and devotion to public good."

During last year's election campaign, President Reagan said he would name a woman to the Supreme Court, but yesterday he emphasised he had chosen Mrs. O'Connor mainly because she agreed with his judicial philosophy that it is the court's duty to interpret the law and not to make it.

Mrs. O'Connor, who is 51, has enjoyed a meteoric rise through Arizona's political and judicial circles. She served two full terms in the Arizona State Senate, where she became majority leader. She is the first woman in the United States to be elected to such a post.

In 1975, she was elected a superior court judge in Phoenix, and was promoted to the Arizona Court of Appeals 13 months ago.

Despite her conservative inclinations, she has supported feminists on abortion legislation and the equal rights amendment. The National Right to Life Committee has already announced that anti-abortionists will oppose her confirmation.

Justice Stewart, whom she will be replacing, often swung between the conservative and liberal interest groups within the Supreme Court, and if Mrs. O'Connor is confirmed the court is likely to adopt a more conservative approach.

The confirmation hearings by the Senate Judiciary Committee are expected to be lengthy as various interest groups intend to examine deeply into her judicial background.

The nomination of Mrs. O'Connor has brought about the spectacle of a conservative being welcomed by liberal left-wing groups, while some of Mr. Reagan's natural constituents are condemning her candidacy.

A mother of three, Mrs. O'Connor served as a deputy district attorney while her husband completed law school. That example of a woman pursuing a career in advance of that of her husband is not lost on the women's movement.

Religiously inclined right-wingers, who played a significant part in the President's election-oppose the nomination. The Rev. Jerry Falwell, head of the Moral Majority, which would like to see abortion and reduce the availability of some birth control devices, predicted that if Mrs. O'Connor were appointed "the church people would desert him (the President) in droves."

Mrs. Falwell says Mrs. O'Connor is not an objector to abortion on demand, has been active in feminist causes and is a supporter of the equal rights amendment.

Mrs. O'Connor's conservative credentials are exemplified by support she has received from Senator Barry Goldwater, arguably the most right-wing presidential nominee put up by the Republican Party.

The Belgian House of Representatives lowered the voting age for general elections from 21 to 18. Hitherto voters aged 18 could vote only in municipal elections.

## Soviet call on security

From Harry Debelius, Madrid, July 7

The Soviet Union called on the West at the European Security Conference in Madrid today, to state what kind of air and naval operations off Europe's Atlantic coast can be included in the package of military movements subject to monitoring by the 35 Helsinki pact nations.

Mr. Leonid Ilyichyev, the Soviet Deputy Foreign Minister, told a plenary session of the conference last night after his return from Moscow, that the willingness indicated by the French delegation last week to consider a neutral proposal to include certain Atlantic air and naval operations in a group of confidence-building measures was a positive development.

The inclusion of such operations was proposed by a group of neutral nations, in order to build a dock after the earlier Soviet acceptance of Western plan to extend the area in which such confidence-building measures are applicable as far east as the Urals.

The Barbudians also accuse their unwanted Antiguan partners of withholding local funds for the elected Barbuda Council. They complain that there have been a "massive increase" in the number of Antiguan police on the island (from three to 15).

Barbuda representatives in London yesterday spoke of the island becoming "another Anguilla" and accused Mr. Ridley of brushing off a recent delegation in 10 minutes. An adviser reminded them that they had been late for their Foreign Office appointment.

"We are willing to agree to any association but not when it is imposed and then the bigger island dominates," Mr. Hillbourne Frank, chairman of the Barbuda Council, said.

In the meantime, the islanders have issued a declaration that they will establish a lawful separate territory of Barbuda when the Associated State of Antigua becomes independent of the United Kingdom.

Local leaders of the 1,500 who remain on the flat, scrubby, limestone speck in the sea accuse Mr. Ridley of cheating them of the discussions on their future status which were promised at the Antiguan constitutional conference at Lancaster House last December.

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## IN BRIEF

### EEC to cut top lorry weight

The EEC intends to abandon the maximum lorry weight of 44 tonnes.

This was disclosed by Mr. George Kontogeorgis, the EEC Transport Commissioner, in answer to questions in the European Parliament this week from Mr. James Moorhouse, Conservative member for London South.

### African leaders meet

Salisbury.—Mr. Robert Mugabe, the Zimbabwe Prime Minister, and President Kaunda of Zambia began talks today at the start of the five-day state visit.

### Chun stunned

Manila.—President Chun Doo Hwan of South Korea is deeply disappointed that President Kim Il Sung of North Korea has rejected his recent proposal for an unconditional meeting between them. He told journalists here that the tension on the Korean peninsula could threaten the security of Asia if it flared up.

### Pamplona injuries

Pamplona.—Nine people have been trampled or gored by bulls charging through the streets of Pamplona on the first bull run of the city's biennial San Fermín festival. No one was seriously injured.

### Squatters arrested

Berlin.—Police have arrested 60 squatters for what they said were identification purposes after searching five occupied houses.

### Spy claim

Berlin.—East Germany has announced that its security forces had arrested a West German on charges of smuggling military secrets to Bonn. The man was identified only as Kurt L. He is said to be the total of alleged western agents seized over the past two years to 23.

### MI6 jet crash

Vienna.—A Hungarian MIG 21 fighter aircraft crashed at Pannónia, one mile inside the Austrian border, but the pilot was not injured. The Aviation Ministry said the crash was an accident and did not involve an escape attempt.

### Linguists expelled

Panama.—City Panama has ordered 15 members of the Summer Institute of Linguistics—all of them Americans—to leave the country for operating an illegal radio. The organization was ordered to close its offices.

### Joker to leave

Peking.—Mr. Robin Hoggard, the British singer who has been ordered home for writing political jokes on a blackboard, said he has been given an exit visa and will leave Shanghai tomorrow for Hongkong.

### Vietnam victims

Manila.—Three unidentified bodies, said by Vietnamese authorities to be those of American servicemen missing since the Vietnam war, have been collected from Hanoi by an American Air Force jet and brought to the Philippines.

### Belgians can vote at 18

Brussels.—The Belgian House of Representatives lowered the voting age for general elections from 21 to 18. Hitherto voters aged 18 could vote only in municipal elections.

## MEPS TO STAY IN STRASBOURG

From David Wood, Strasbourg, July 7

British Conservatives and some Labour members in the European Parliament in Strasbourg tonight lost their campaign to defy the Council of Ministers and have both plenary sessions and committee meetings held in Brussels.

The parliamentary majority plumped to continue in Strasbourg at least until the government of the Ten decide on a single site.

A year ago British Conservatives launched a campaign to cut costs and increase efficiency by concentrating work in a single place. Support then appeared to be overwhelming but today it had largely disappeared.

The parliament pays nearly £10m a year rent for its buildings in Strasbourg, Luxembourg and Brussels. Strasbourg offers most at the lowest cost, but 15 per cent of the parliament's budget of £125m arises from its use of three working places.

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**Simpson**  
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ICCADILLY

**TOMORROW 9.00-7.00**  
OPEN DAILY 9AM-5.30PM. THURSDAY 9AM-7PM.

MEN	NORMAL PRICE	SALE PRICE
DAKS 3-piece suits	£159.00	£117.00
DAKS 2-piece lightweight suits	£149.00	£99.00
Tweed jackets	£89.00	£69.00
DAKS cavalry twill trousers	£36.00	£25.00
Italian lightweight moccasins	£40.00	£29.50
Lambswool sweaters	£22.50	£15.50
Stripe polo/cotton shirts	£14.50	£9.50
Italian silk ties	£8.50	£3.95
Allen Solly fancy cotton shirts	£13.50	£7.50
Swim shorts	£9.50	£5.95
Samsomite 29" case	£81.00	£65.00





## "THE SMALL BUSINESSMAN'S GLIMMER OF HOPE."

JOHN BULL: (defiantly optimistic to his trusty bulldog). "IT'S AN UPHILL PULL, ALL RIGHT. BUT THERE'S LIGHT AT THE END OF THE TUNNEL. LAST YEAR ICFC HELPED 1014 OF US WITH ALMOST £100 MILLION. THAT INCLUDES NEARLY TWICE THE NUMBER OF NEW BUSINESSES THEY FINANCED THE YEAR BEFORE."

BULL DOG: "THERE DOES SEEM TO BE MORE MEAT ON THE BONE."



## Los Angeles losing the fight against crime

From Ivar Davis  
Los Angeles, July 7

Los Angeles county, with a population of 12 million, is one of the most dangerous communities in the United States, with police and law makers trying to stop the increasing number of murders.

There were 1,111 homicides in the first six months of this year, compared to 1,099 during the same period last year, Mr. Richard Wilson, the Los Angeles coroner, reported yesterday. He predicted that the death rate would continue to break records in the second half of this year.

Mr. Richard Schwein, an assistant chief of the Federal Bureau of Investigation (FBI) here said: "The overall rise in violent crime this year is the highest since 1967. There is a significant rise in murders."

The local figures simply mirrored a national trend. In the city of Los Angeles—which has a population below three million—385 murders were reported in the first half of the year, a 6 per cent increase over the 364 of last year.

Captain William Tobbe, commander of the Police Department homicide division, noted the startling increase in "reprehensible" murders and noted: "Years ago most murders were domestic matters or disputes. Now the big increases are in street murders."

Police describe "reprehensible" murders as crimes such as hold-ups and robberies that could not be described as "reprehensible" by the police.

In June, Los Angeles voters defeated a measure that would have enabled the Police Department to employ extra officers. Serious crimes in California increased an average of 10.1 per cent during 1980 over the previous year, Mr. George Deukmejian, the Attorney General, reported yesterday. There were 3,405 killings in 1980, a 13.5 per cent rise over 1979.

Mr. New York: A resident of an hotel in New York who was picked up allegedly carrying a blood-stained razor was charged yesterday with one murder and one assault in an investigation of the slaying of two men and the wounding of 13 others (AP reports).

Charles Sears, age 31, was arrested two hours after the killing of Mr. Michael Fiorentino, aged 40, a tramp whose throat was cut in front of a park bench on Manhattan's Lower East Side, police said. He was charged with the second-degree murder of Mr. Fiorentino and with an assault on Mr. Edwin Feliciano minutes before he was arrested.

The latest attacks involved two tramps who were killed and four others seriously wounded in Manhattan yesterday. The attacks began on June 27 when eight homeless men were slashed in four separate locations in Lower Manhattan.

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## Congress battle looms over tax cut proposals

From Nicholas Ashford, Washington, July 7

The United States Congress reconvenes tomorrow after the July 4 recess with Republicans and Democrats preparing for a battle over President Reagan's tax cut proposals which look like being as heated as the midsummer weather in Washington.

The opening shot was due to be fired tonight by President Reagan addressing a fundraising dinner in Chicago. Mr. Reagan wants Congress to approve his plan for across-the-board tax cuts amounting to 25 per cent over three years before Congress begins its summer recess at the end of July.

The Senate finance committee has already approved the \$280,000 (£147,000) tax package proposed by the President. Senator Robert Dole, the committee's chairman, has said he hopes to bring the Bill to the floor next week. At the time, a Republican majority in the Senate the Bill is assured of approval.

It is in the Democratic-controlled House of Representatives that the fighting will take place. Although the Administration is still confident that the tax plan will gain congressional approval—just as the controversial budget cut plan did 10 days after Mr. Reagan's speech, the President's press secretary predicted last night that it would be a tough fight.

The congressional arithmetic will not be the same as it was during the 1980 budget fight. Some of the 29 conservative Democrats who broke ranks with their party and voted for the budget Bill have doubts about the Administration's tax cut proposals which they feel are more beneficial to the wealthy than to the less well-off. Some Republican congressmen are also unhappy about aspects of the tax cuts.

The Democrats have organized themselves better than they were during the budget vote. They have prepared their own two-year, 15 per cent tax cut Bill which they are trying to promote as an alternative to the White House package.

The main attraction of the Democrats' plan is that it will be of more benefit to more people in the short-term than the Administration's one. With the country already gearing up for next year's mid-term election, this could prove to be an important vote-catching factor.

By Democratic calculations, a family of four with an income of \$30,000 (£15,000) a year would have a tax cut of \$687 in 1982 under the Democratic Bill and only \$499 under the Reagan one. Only by 1984 would middle and lower income families obtain substantial relief from the Reagan tax package, it is said.

The Democratic leadership, emulating the successful tactics used by the Administration, is waging a public relations campaign to gain popular support for their cause. Democrats have spent the Independence Day recess engaged in grass-roots political activity in the districts of the 29 conservative "swing" Democrats as well as of Republicans who are considered soft on the Reagan tax plan.

Democratic leaders admit, however, that they face an uphill struggle against a popular President and an Administration which has proved its ability to mobilize a political network of support throughout the country.

Mr. Dan Rostenkowski, the chairman of the House ways and means committee, said: "My problem is that the President can gear up an army with just one television appearance."

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## Pope names new head of church in Poland

From Our Correspondent  
Rome, July 7

The Pope, who is recovering from his virus infection well enough to conduct essential business from his hospital, today appointed the Bishop of Warmia, Mr. Jozef Glemp, as Archbishop of Gniezno and Warsaw, and thus Primate of Poland. He succeeds Cardinal Wyszyński who died on May 28.

The prelate, who is 52, is likely to be made a cardinal at the next consistory. He worked closely with Cardinal Wyszyński between 1967 and 1979, and is expected to continue his predecessor's policies—support for the development of Solidarity, the independent trade union, organization, and other forms of democratic life, coupled with moderation and opposition to any excesses.

Mr. Glemp, described by acquaintances in the Vatican as a humble and simple man, was in St. Peter's Square with a group of pilgrims from the Warmia diocese in north-west Poland on Sunday, when he heard the Pope greet them in Polish in his recorded midday message. He returned home yesterday.

Eighty-third Archbishop of Gniezno and twelfth of Warsaw, Mr. Glemp was born on 13 December, 1928, in Lodz, Poland.

Ordained in 1956 after studying at the Gniezno seminary, he served for two years as parish priest. Then in 1958 he came to Rome, where he studied for the Gregorian University and subsequently became an advocate to the Sacred Roman Rota. Returning to Poland in 1967 he entered the secretariat of the Primate of Poland, holding various posts requiring legal expertise.

He was consecrated Bishop of Warmia in April, 1979, and is also president of the Polish Commission for Justice and Peace.

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Mr. Jozef Glemp, who has been nominated as Primate of Poland in succession to Cardinal Wyszyński.

The Pope had to abandon plans to visit Spain in October because of the continuing poor state of his health after the assassination attempt, the Spanish bishops announced today (Richard Wigg writes from Madrid).

A press note said that the bishops fully agreed with the Vatican's decision taken so that the Pope might achieve a full recovery.

The Pope's visit to Spain had even before the assassination attempt been considered extremely onerous, having grown under pressure from the various bishops and Catholic organizations into such an expanded programme that it was to extend over one month, something which caused the Calvo Sotelo Government serious reservations.

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## Sages to decide fate of Begin Cabinet

From Christopher Walker, Jerusalem, July 7

Due to the indecisive outcome of the Israeli general election, the fate of the next Government could hang on a decision soon to be taken behind closed doors by 13 elderly rabbis known collectively as the Council of Torah Sages.

The council is the ruling body of Agudat Israel, the block of four ultra-Orthodox Knesset members, whose votes will be vital if Mr. Menachem Begin, the outgoing Prime Minister, is to secure sufficient parliamentary support to form a new right-wing coalition.

In Tel Aviv today, Mr. Begin's Likud party and the Agudat began formal negotiations designed to hammer out a new coalition agreement to replace that signed between them in 1977. But even if agreement is reached, as expected, the final decision will lie with the Council of Torah Sages, which has the powers of a constitutional court.

The council members are aged between 65 and 80. They consist of revered rabbis, the heads of ultra-Orthodox religious colleges and leading Haredi rabbis, a combination which traditionally produces a ruling body noted for its rigid conservatism.

It is understood that a meeting of the sages is planned for the near future to consider the guarantees of new orthodox legislation, financial arrangements and other agreements which add up to the price that Likud is willing to pay for Agudat's parliamentary support.

During the past four years of right-wing rule, the council occasionally threatened to order the ultra-Orthodox Knesset members to withdraw their backing from Mr. Begin, but last-minute compromises were always reached.

Before today's negotiations opened, there were strong indications that both the Agudat politicians and the ruling rabbis will eventually agree to support a new Likud Cabinet.

But some tough bargaining can be expected on the way, particularly over the key question of exactly who is a Jew with full citizenship rights in Israel.

After meeting Mr. Begin yesterday, Mr. Avraham Shapira, the leader of the Agudat Knesset faction, claimed that Likud had the best chance of forming a government.

Mr. Shapira went to tell reporters: "Agudat voters are impressed with Mr. Begin's Jewishness. For the first time we can see that, we have a Jewish Prime Minister, and not a goy."

The opposition Labour Party—which is now regarded as having no hope of forming a coalition—has formally rejected the suggestion that it should join a government of national unity with Likud. The board-based coalition had been suggested as an interim measure during the holding of new elections in 18 months' time.

Behind the scenes, the struggle to secure Mr. Begin a workable majority continued, with signs that the National Religious Party and its ethnic breakaway, Tami, may soon succeed in patching up the bitter rivalries which threatened to prevent them from sitting in the same cabinet.

Forces inside Telem, the new centre party headed by Mr. Moshe Dayan, the Israeli war hero, indicated that wide differences over the Palestinian issue will have to be bridged if he is to join the Begin Government in the role he is seeking as Israel's chief negotiator in the autonomy talks.

On the eve of the return to the Middle East of America's special envoy, the Israeli Military Command today denied that the Syrians had shot down another Israeli spy aircraft on a mission over Lebanon.

A military spokesman acknowledged that one of the drones had been lost while on a reconnaissance flight over Lebanon this afternoon, but claimed that it had crashed because of mechanical failure and not because it was hit. The statement came after a claim by Damascus radio that the drone had been shot down.

In recent weeks there have been frequent discrepancies between Israeli and Syrian accounts of air incidents over Lebanon. But today was the first time that the two sides admitted to have lost one of its drones because of mechanical difficulties.

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## Spadolini to outlaw P2 group

From John Earle, Rome July 7

Signora Maria Grazia Donatoni, aged 25, was held on Saturday when she arrived by air from Nice and five envelopes containing documents were said to have been found in her travelling bag. She is being questioned by a magistrate.

Regarding the fight against terrorism, Mr. Spadolini acknowledged that the response of the authorities so far had been inadequate. He promised to speed procedures to approve a new penal code, and to reform the working of the judiciary.

The support of public opinion was symbolized today by a demonstration in Mestre, near Venice, and by a national half-hour work stoppage to honour the memory of Signor Giuseppe Tallarico, manager of Montedison's petrochemical plant there.

He was murdered by the Red Brigades and his body was found in the boot of a car, was the body of Aldo Moro, the Christian Democratic leader and former Prime Minister three years ago. The demonstration, attended by more than 50,000 people, was addressed by the leaders of the three big trade union confederations.

To cope with the economic emergency, Signor Spadolini said he would work for a social pact with employers and unions to reduce inflation, now running at over 20 per cent a year.

In the first five months of this year, he said, the public sector's spending requirements had been double that for the same period last year, while the trade deficit had reached 7,700,000 lire (£3,400m).

Signor Spadolini pledged support for Consob, the house supervisory commission, in its efforts to restore orderly dealings in stock exchanges. Dealings in Milan were suspended today as prices threatened to plunge still further after a 7 per cent fall yesterday.

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## Polish dockers and airline staff threaten to strike

Warsaw, July 7.—Port and airline workers today threatened to go on strike to press various demands in the first significant industrial unrest in Poland for three months.

In Warsaw, the airline LOT said all staff would stage a four-hour strike on Thursday and an indefinite stoppage on July 24 unless the Government accepted the staff's nominee as general manager.

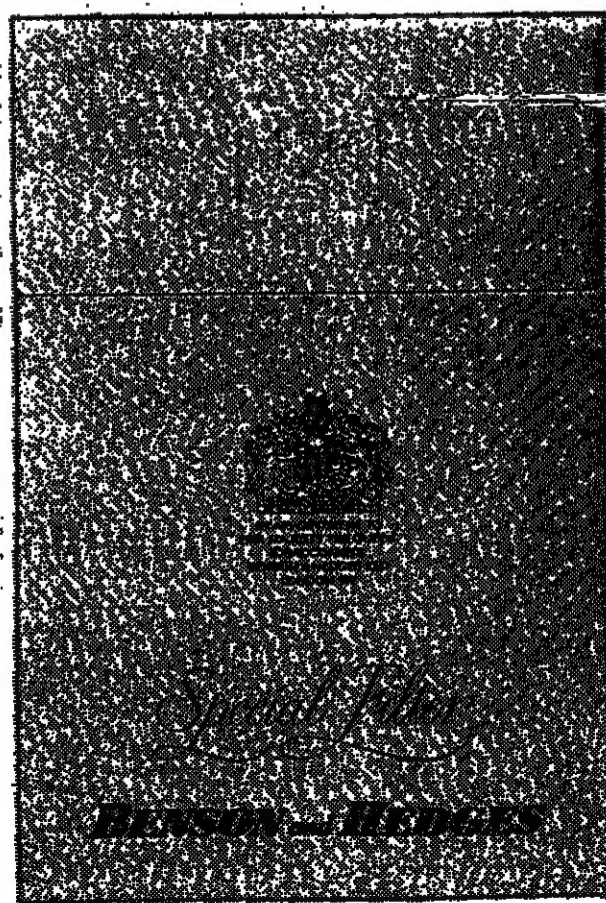
The LOT workers' council elected Mr. Bronislaw Klimaszewski to the post after advertising the job. Among the six candidates was the owner of a London-based travel agency and the brother of Poland's first cosmonaut.

The Government has argued that because of its military responsibilities the airline must be under direct government control and has refused to accept the workers' council choice.

The national coordinating council of dock workers announced that it would stage a one-hour warning strike tomorrow to press demands for improved social benefits and modernization of equipment. The strike would affect all ports and related enterprises.



# GOLD PRICE STEADY AT 92p.



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CIGARETTES CAN SERIOUSLY DAMAGE YOUR HEALTH



## PARLIAMENT July 7 1981

# Riots aftermath: Foot calls for reversal of policies

## RIOTS

During a clash with Mr Michael Foot, Leader of the Opposition, over the riots in Liverpool and South Wales, Mr Foot called for a reversal of the Government's policies on the unemployed. He was replying to Mr Foot's contention that the Government's policies were one of the principal factors in the growth of unemployment and a prime cause of the riots.

The Prime Minister indicated that in view of events she would visit Liverpool, sooner than she had intended, and that Lord Scarman's Brixton inquiry would be widened to cover the events in Liverpool.

The exchanges began when Mr Robert Kilroy-Gilke (Ormskirk, Lab) urged the Prime Minister to reflect on the fact that ever the cause of the riots in Liverpool, the origin was not in South Wales, Off Uti would like to believe.

The area is deprived and neglected (the way it is) least by itself. She has persistently refused to visit the city, and has not visited it since she became Prime Minister and has refused the demand for jobs.

Will she visit the area and see it with her own eyes? Will she see the causes and say that there will be an investigation into the policing of the area and its relationship with the local community? Mrs Thatcher: I will visit Liverpool, rather sooner than I had hoped.

There are big problems. He is

well aware of that and so am I. Factories have been closing for a long time, even before the election. We are anxious to take a constructive approach to it and help all we can will at an appropriate time visit it.

Mr Michael Foot: While we understand that the Home Secretary had to direct his attention yesterday primarily to the question of how the police could deal with the immediate situation, she had time to reflect on the proposal made by Mr Roy Hattersley, Opposition spokesman on Home Affairs, that the present inquiry instituted by the Home Secretary into some of these matters should be greatly extended, and that it should be directed against some of the deeper causes of the deprivation there, and what may be their consequences?

In view of the way in which mass unemployment among young people does contribute to this kind of situation, will she review every single one of her policies to see if these measures to increase that unemployment should be put in reverse?

Mrs Thatcher: I understand that Lord Scarman has completed his initial inquiry on Brixton and will also be looking at some of the deeper causes of the deprivation there, and what may be their consequences?

Naturally one is anxious to try to get more closely acquainted with the situation. One's first action must always be to uphold the law and to support the police, not necessarily to find excuses

but find reasons, yes; but, one must uphold the law and support the police first and foremost, and we congratulate the police on the work they have done. Our first measures for trying to combat unemployment, we have been trying to do everything we can in Liverpool. (Labour protests and interruptions.) That is exactly why we have an urban development corporation to try and cut through some of the tape involved in working through so many authorities.

Even yesterday we were unable to get through this House an order to pass to the urban development corporation some £17.5m. We have set up an enterprise zone. It does take time. The reason why is because of the legislative procedures necessary and the inquiries necessary.

The situation is not, and will continue to be, a lot into the youth opportunities programme. I agree with Mr Foot that there is no doubt that some of the jobs that come from people who buy goods and services produced here. You cannot get away from that. Mr Foot: Did you not say that some of the jobs that come from people who buy goods and services produced here? You cannot get away from that. Some of the specific measures her Government is taking have contributed to youth unemployment—measures, for example, she is proposing for cuts in university education.

Is that a good policy to go ahead with at a time when there is so much trouble at Liverpool and other places? The policy that she has halved the number of apprentices being trained, policies that have led to

the greatest increase in mass youth unemployment this country has known. (Loud Labour cheers.) These are the policies for which Mr Foot is responsible, as Mr Edward Heath said last week. When is he going to change these policies? (Renewed Labour cheers.)

Mrs Thatcher: On finding work experience, and training for young people, and some short time work, we are doing very much. We are doing £1,000 to help people either to get jobs or to have some work experience. That is a considerable sum. We are doing apprenticeships. One would wish to have a considerable number more. One of the things we need to look at is the restriction of entry to apprenticeships (Conservative cheers).

One also needs to look at why it is that when some people are trained in skill centres and retrained, they are not allowed a trade union ticket to get a job. If Mr Foot is asking me to look for higher employment including things like the Employment Protection Act, I will look at it. I will sometimes pay to young people as compared with older people. When we are looking at these things, I will look at them. It is vital to deal with them. (Labour protests.)

Mr Speaker: Mr Foot (Liverpool, Walton, Lab) said unemployment had been responsible for the outbreak of violence in Liverpool and other places. He said that the Government was not doing enough to deal with the violence which took place, nothing at all. We must look at the situation. The fact that unemployment is a factor, I do not think it is the principal factor.

## The Speaker orders Labour MP out of Commons chamber

### COMMONS

Mr Dennis Skinner (Bolsover, Lab) was ordered out of the Commons Chamber by the Speaker (Mr Robert Layton) after making several attempts to raise, as a point of order, the matter of the Speaker's attendance at a function in the house of Mr Robert Layton (Christchurch and Lynton, C.). The Speaker (Mr George Thomas) said at the beginning of the session that it was not his wish for his conduct to be criticised by means of a question.

Mr Skinner rose on a point of order at the end of Prime Minister's questions to say it had been brought to my attention that, at the time when this Tory Government is smashing the social fabric of this country, with three million people unemployed and the social services... (Conservative protests.)

The Speaker: Order. I want to hear what Mr Skinner has to say but he must have a point of order. Mr Skinner: And which all those who in public expenditure, it has been brought to my attention that you felt it necessary a few days ago to attend a function at the house of Mr Layton.

The Speaker: If Mr Skinner wishes to raise a point of order, he must do so, but not in the form of a question.

Mr Skinner rose again, after another MP had raised a different point of order and the Speaker said: I have told Mr Skinner I am not dealing with it on a point of order.

When Mr Skinner rose yet again the Speaker said: May I say to Mr Skinner for the last time that it is not

a point of order. I am not answering to him at question time for what I do at weekends. (Cheers.)

Mr Skinner rose again.

The Speaker said: If he persists I shall require him to leave the Chamber because I am not going to enter into a personal argument. Mr Skinner rose again.

The Speaker: Order. I have no desire to name Mr Skinner but he is making it difficult for me not to order him to leave the Chamber. That subject I am not pursuing now.

He called Sir Ian Gilmore, Lord Privy Seal, to make a Government statement.

Mr Skinner: On a point of order. The Speaker: If it is a different point of order, I will take it. If it is the same one, I shall require him to leave the Chamber for the rest of this day's sitting.

Mr Skinner: I am giving you, Mr Speaker, an opportunity to tell the House... (Conservative protests.)

The Speaker: He will leave the Chamber for the rest of this day's sitting.

Mr Skinner did not move at once towards the exit from the Chamber but some Conservative MPs shouted "Out".

The Speaker: Order. If Mr Skinner does not leave the Chamber I have no recourse but to name him.

Mr Skinner I will raise it some other time.

As Mr Skinner reached the area beyond the Bar, Mrs Rennie Short (Wolverhampton, North-East, Lab) said: Mr Speaker, Mr Skinner paused and looked at her.

The Speaker: Mr Skinner will leave the Chamber for the rest of this day's sitting.



The Speaker: Not answerable

Skinner: Opportunity

## Garden gnomes injustice

The sale of a plastic garden gnome on Sundays could make the owner of a garden centre in England or Wales liable to prosecution under the 10-minute rule procedure to bring in the Garden Supplies (Sunday Trading) Bill to amend the Shops Act, 1950.

Mr Lyle said there were more than 100 garden centres throughout the country and every Sunday they were filled with gardeners buying their supplies. But the present law meant that a garden centre could be fined for selling a bag of peas, a lawn mower or even a plastic gnome.

A recent survey showed that although three-quarters of local

authorities turned a blind eye to the technical offence, the remainder either prosecuted regularly or threatened prosecution. The situation was a nonsense and it was time an injustice was remedied.

The Bill, which would make the sale of garden supplies lawful on Sundays, was read a first time.

### Parliament today

Commons 3.30: Questions: Transport Bill, report stage, second day.

## HOUSE OF LORDS

### Peace proposals still on the table

#### AFGHANISTAN

Until the problem of Afghanistan was solved and there was a complete withdrawal of Soviet troops there could be no normalisation of relations between the Soviet Union, Lord Carrington, Secretary of State for Foreign and Commonwealth Affairs, said when he made a statement in the Lords on his visit to Moscow.

He was reporting on the outcome of his mission to present to the Soviet Government the European Community proposal for a two-stage international conference on Afghanistan. Discussion of this matter occupied a full morning of talks.

In explaining the proposal I made it plain that I was speaking on behalf of the ten member states of the European Community. I emphasised that the problem with which I dealt was one of global significance and whose solution was essential to the interest of peace, stability and the development of East-West relations.

I reminded the Soviet Government that the great majority of the international community are convinced that the complete withdrawal of Soviet troops is an essential element of any solution.

Mr Gromyko took the view that the proposal by the Ten was, as he put it, unrealistic, because the main preoccupation of the Soviet Union was the affairs of Afghanistan, because it was not stated that the present Afghan regime should participate at the outset and because the proposed composition of the conference was unsatisfactory.

I told him that I did not find these arguments convincing. Mr Gromyko did not say that he rejected the proposal and did not exclude further discussion. For my part I made it clear that the proposal, which has already received an encouraging degree of support in the international community, remains on the table and that its details are open for discussion.

The brief communiqué signed at the end of the visit refers to the intention of both sides to continue the dialogue. I have made it clear that as far as the European Community is concerned this means about Afghanistan, now wish to consult my colleagues in the Ten on the next steps.

Also spoke to Mr Gromyko about the theatre of the Middle East. On the theatre of the Middle East, Mr Gromyko said that the problem could only be resolved in the negotiations between the Soviet Union and the United States, which are due to start before the end of the year.

We agreed that the situation in the Middle East was dangerous and that the security of the region was a negotiated settlement even though our views on timing and method differed.

We shared the view that if agreement could be reached in Madrid on the basis of the European Community building measures would apply, the way should be clear for a rapid conclusion of the conference.

Lady Llewellyn-Davies of Hasted, for the Opposition: The House will wish to congratulate the Foreign Secretary on his statement and the effort to solve this difficult situation and the dangerous international position in general. We are sure that the House will support the proposal and we would like to encourage him to do so. We are sure that the House will support the proposal and we would like to encourage him to do so.

He said: My principal purpose was to present to the Soviet Government the proposal adopted by the European Council on June 30 for a two-stage international conference on Afghanistan. Discussion of this matter occupied a full morning of talks.

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## Dockyard transfer proposal

### DEFENCE

Some of these made unemployed by the closure of Chatham dockyard and the reduction of work at Devonport and Rosyth dockyards will need 1,500 more workers to handle the larger number of ships under the programme, Mr John Nott, Secretary of State for Defence, said when he opened the debate on defence.

Mr Nott (South Down, Lab) said that the House should be aware of the fact that the House of Commons Defence Programme: The Way Forward.

He said that so far as he could judge, they had not made a major shift away from the marine and air capabilities in the defence programme. The sea systems procurement would still be increasing in real terms in the next four years.

They had to assess priorities in the 1990s and beyond, not least in the light of the latest class of Russian submarine which was equipped with anti-submarine cruise missiles with a range of 250 miles, outside the range of even the proposed Sea King replacement helicopter.

They could not ignore costs because resources were not infinite. My genuine desire was to afford, within our budget (he said) both a new shipbuilding programme, modern weapons for our ships and a reasonably-sized surface fleet. Something had to give, and the new procurement programme would not have been possible if we had not reduced the size of the fleet.

A short life destroyer/trigate fleet, as he was proposing, without extensive mid-life modernisation would have a higher availability of about 12 per cent, than a long-life fleet of the same size.

He was assured that provision, with additional money, for an acceleration of the building programme of the new Type 23 frigates.

They were making a very urgent case for ships for multi-purpose towed-array and inexpensive helicopter platforms. He believed that they could get designs settled and orders placed faster than had been the case in the past with new ships.

He would be taking personal interest to ensure that the Ministry of Defence and British Shipbuilders worked together to get the orders into the yards as quickly as possible.

One of the three intermediate dockings for the nuclear submarines was being discarded, the latest class of conventional diesel-cold period for testing and examination to ensure that highest standards were maintained.

He was assured that the new facilities already available at Devonport at a cost of £85m and further facilities in the pipeline, the Government would be able to handle at Devonport and Rosyth. It would, however, need an in-

crease of about 1,500 people at Devonport, some of whom would be transferred from Chatham or Portsmouth.

Trident would cost on average in the next three years about £200m a year, compared with £125m in 1980. In the late 1980s Trident expenditure would rise to about £500m a year, compared with £125m in 1980. In the late 1980s Trident expenditure would rise to about £500m a year, compared with £125m in 1980.

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Trident might only represent in striking power around 3 per cent of the Soviet strategic force, but it was not for any potential aggressor in the Kremlin. With one submarine this country retained the capacity to strike at well over 100 per cent of the Soviet force.

The foremost argument for Trident was that this country must have a weapon system which was capable of surviving a surprise strike and that would survive as a credible weapons system for 30 years.

The Soviet anti-submarine warfare technology was bound to improve and it was the range of Trident of up to 4,500 miles with massive sea room in which to manoeuvre, and the ability to strike at will, that made it the ultimate capacity to strike back if anyone ever forced this country into a corner.

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## Churchmen unite on birth rights

### NATIONALITY BILL

The law granting British citizenship by birth should remain as it has been for seven centuries, the Bishop of Rochester, the Right Rev David Sheppard, said at the opening of the first day of the committee stage of the British Nationality Bill.

He moved an amendment in the House of Commons that the Government should not pass the amendment which would allow a child born in Britain to acquire British citizenship by birth if his father or mother was a British citizen or settled in the United Kingdom.

We believe the fact that Clause 1 is causing real anxiety and fear among those who thought that they or their children

belonged, and would continue to belong, to Britain.

For the last seven centuries it has been a principle of common law that any person born in the sovereign's dominions became a subject on birth. The great law offered a clear statement of the principal means by which most people had acquired citizenship—by birth in the territory.

This was not only clear and straightforward but the great importance as a feature of social policy. Britain had for centuries absorbed settlers and refugees, and the world had been enriched by their labours and gifts.

Whatever initial difficulties they might have encountered, the fact that their children were British subjects from birth with the right of abode and other civic rights and responsibilities had done much to integrate them into society.

I have tried (he said) to understand why there is so pressing a need to change the citizenship law by birth right as this clause does. To depart from this principle would create many difficulties both administrative and practical and much uncertainty. It might be difficult for a person to establish to the satisfaction of the Home Office that he was the

child of parents settled in Britain. The mind bogged at the complications likely to arise when children who thought they had the right of citizenship later discovered they were deprived of it because their parents who received a valid entry clearance subsequently had it challenged. The

The automatic right of every child born here to be a British citizen was a powerful force for strength and cohesion in society. The Bill would weaken the growing sense of patriotism among recent arrivals because sections of the law would be cast upon their citizenship.

Lord Avebury (Lib), for the Liberals, said the Government's proposal was a serious erosion of the right of citizenship by birth. Those who would be deprived of it would be mostly of other than British ethnic origin. He objected to the clause as fundamental.

Lord Belstead, Under Secretary of State, Home Office, said the amendment was to restore the Government's proposal that a child born in this country

They did not misunderstand the Bill, as had been alleged, but were deeply disturbed by it as priests and pastors to their people.

Lord Elwyn-Jones, for the Opposition, said he had been struck by the clause. It was unhappy that this should arise at this delicate stage in relations between the different races. The Commission for Racial Equality strongly urged that the erosion of the birth rule would produce uncertainty and a deterioration in race relations.

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The automatic right of every child born here to be a British citizen was a powerful force for strength and cohesion in society. The Bill would weaken the growing sense of patriotism among recent arrivals because sections of the law would be cast upon their citizenship.

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## Duty changes approved

### TAXATION

The Government measures to increase duty on tobacco products, betting, bingo and gaming machines, which were approved at an all-night debate which ended at 9.15 am today in the Commons.

Mr Speaker said more than five hours of debate had been held on the measures, which would raise an estimated £65m this financial year. It was approved shortly after midnight by 135 votes to 40—Government majority, 95.

The order providing for an increase in the general betting duty was debated for more than two hours before Mr Michael Jenkinson, Government Chief Whip, successfully moved a closure motion. The order was approved by 133 votes to 21—Government majority, 112.

A closure motion was also carried on the order increasing duty on betting, which was approved at 6.35 am by 135 votes to 40—Government majority, 95.

The last order, which covered the increase in gaming machine duty, was approved by 135 votes to 40—Government majority, 95.



Part three of Mohamed Heikal's insider's account of the Iranian Revolution focuses on its extraordinary leader, his thinking and his lifestyle

# The mind and heart of Khomeini

Mohamed Heikal met the Ayatollah Khomeini twice: first in December 1978, when Khomeini was in exile in Paris, and the second time after the Iranian religious leader's triumphal return to Iran. Heikal's *The Return of the Ayatollah* will be published by Andre Deutsch in November.

Khomeini's wife, Khadijah, is a woman of great strength of character, energy and charm. When he was deported from Qom in 1963 and dumped on the Turkish frontier, Khomeini told her not to try to follow him, but she ignored his instructions and made her way to Najaf. She accompanied him from Najaf to France, and though he went direct to his suburban house of exile in Neauphle-le-Château, and never set foot in Paris, she made several visits to the capital, saw all the sights and was interested in everything she saw.

It is still Khadijah who cooks the Ayatollah's food for him. His routine is regular and his menu simple. He wakes at about 5 am for the dawn prayer, then goes back to sleep again. His breakfast, consisting of bread and a saucer of honey, is placed by Khadijah for him beside his *doshak*.

At 11 am he has a little fruit juice, usually orange juice, and at noon a little rice and boiled meat, which he eats with a spoon — the only utensil he ever uses. He is particularly fond of the yellow Persian water-melons.

After his midday meal he has a nap, then wakes for the afternoon prayer and continues dealing with business and meeting people until after midnight. Khomeini does not smoke, and never uses the telephone, though while he was in France he once made an exception to this rule when he heard that his brother, Basandid, was very ill and he wished to hear his voice. The elder brother now occupies the small house in a side street which used to be the Ayatollah's home until he attained power.

Khomeini himself has moved to a new residence, one of a group of four houses, all single-storey, grouped on either side of a street. One pair contains the offices of his secretary and personal mullah, his security guards, and so on. Across the street one house contains a section of revolutionary guards and the other is the Ayatollah's own home. Inside there is a reception room, about 16 feet by 24, with an undistinguished blue carpet on the floor and spotlights cluttering the ceiling. It looks like a makeshift television studio.

This leads into three tiny private rooms and a minute kitchen. One of these rooms is for Khomeini's wife, one for any member of the family who wishes to make use of it, and the final one is Khomeini's own bedroom. From what I could see, all his worldly possessions there consisted of his *doshak* and a trunk containing his clothes.

As a *faqih*, a canon lawyer who has made his own contribution to jurisprudence (*fiqh*), Khomeini is the author of several books, the most important of which are *Liberating the Means and Islamic Government*. He has a good brain, but his ideas are simple. He sees Islam as a whole, as a unity, and often speaks of it as an international force. He denounces any government in the Moslem world which deviates from the rules of the Koran as *shirk* (heretical) and its ruler as *taghuti* (a tyrant).



The revolutionary leader relaxes with his surviving son and grandchildren before his return from exile in France.

## The Ayatollah and his family

Khomeini was born Ruhollah Musawi in 1902, on 20th Jumad, which is also the birthday of Fatima, the daughter of the Prophet Mohammed who became the wife of Ali and the mother of Hassan and Hussein — a most auspicious date.

He was born in Khomein, a village about eighty miles south-west of Qom, where his father, Mustafa Musawi, was a mullah. (Ayatollahs always take the name of the town or village from which they come).

Only a few months after Ruhollah's birth his father was shot in the head and killed by the agents of some rich landowners, as a consequence of having championed the cause of some of their tenant farmers. It has sometimes been alleged that Reza Shah, who was then a private soldier in the Cossack Brigade, had something to do with the murder of Mustafa Musawi. This would make a neat pattern — the father killing Khomeini's father and the son killing his son (Savak was responsible for the death of Mustafa Khomeini in 1977). I asked Khomeini about this, but he said there was no truth in it.

The young Musawi's mother died in 1918, so he went to live with his elder brother, Basandid, who was already a mullah, and who is still alive today. Ruhollah enrolled in the *hawza* of a well-known mullah in the town of Arak, about thirty miles north of Khomein, the Ayatollah Abden Karim el-Hajiri. In 1922 el-Hajiri decided to move his *hawza* to Qom, and all his pupils, including young Ruhollah Musawi, went with him.

This was the future Ayatollah's first sight of the city to which his fortunes were to be so closely linked. There being nowhere for the young and impecunious student to live, he lodged in the mosque where the sessions of the *hawza* were held, spreading his *doshak* (blanket) on the floor.

In due course he completed the first stage of his studies, taking the degree known as *Mahallat*, or *shahid*, or *alim* ("the high roof"), and began to assist his master, specialising in Islamic philosophy and logic.

He also started a course on ethics (*aklag*), but Reza Shah's police put a stop to this on the ground that political matters were getting mixed up in it.

Ruhollah Musawi had a friend in the Ha'iri *hawza* called Mohammed el-Thaqafi, a Shi'i from Taif in the Hejaz. He was an older man, with a daughter called Khadijah, the name of the Prophet's first wife.

When she was fourteen and Ruhollah was twenty-five, he asked his friend for his daughter's hand in marriage. They had never met, but she had caught a glimpse of Ruhollah one day when he came to visit their home. She protested. She had no wish to marry a mullah, her ambition being to marry a government official and go to live in Tehran.

But, as she tells the story, the night after she had rejected the proposal she had a dream, in which she saw with great clearness the figures of the Prophet Mohammed, Ali, and Fatima. There was an elderly woman there also, who pointed to the other three and said "None of these likes you." She asked why, and was told "Because you have refused their son, Ruhollah."

The next morning she told her father that she agreed to the marriage. So they were married. Their first three children, a boy called Ali, and two girls called Latifa and Khamira, all died. Then they had two more sons and three daughters — one son, Mustafa, was murdered by Savak in 1977; the other, Seyyid Ahmed Khomeini, is his father's chief assistant. Mustafa left a son, Hussein, a great favourite of his grandfather and one of his aides, and a daughter, Miriam.

Khomeini's three daughters all married mullahs, who have usually served in some capacity on Khomeini's staff. Farida is married to Ayatollah Aradi; Sadiqa to Hojat al-Islam Ishtaki, who was with the Khomeini in France, and Fatima to Ayatollah Bargroudi, son of the former Ayatollah al-Uzma whom the Shah wished to replace by one of the religious leaders in Najaf.

Khomeini now has thirteen grandchildren, eight boys and five girls.

Khomeini sees Islam as being one-eighth a matter of prayers and ceremonies and seven-eighths a matter of principles and organization, these latter being designed to bring men to an understanding of justice. He believes that the necessary return to Islam involves two stages: first *takhiya*, which means getting rid of obsolete ideas and practices, and secondly *tahliya*, which is a sweetening process, the adding of new things.

Among the ideas which had to be swept away by *takhiya* was *ruq'a* (the practice of disguise or deception which had been a necessary system of protection for Shi'is in the days of persecution under the Umayyads but which, Khomeini insists, had developed into a bad habit for which the excuse no longer exists). Khomeini tells his disciples that the second stage, *tahliya*, will be harder than the first, *takhiya*, because it involves change and innovation. But the new things, the answers to new situations, will have to be reached by *ijtihad*, the formation of opinion by the *fuqaha*.

Khomeini believes that the imams are created from the light of God and have a rank which cannot be attained by temporal monarchs or even by angels. The *fuqaha* (plural of *faqih*) are the representatives of the imams, and since they know more of the law than anybody else they alone are capable of acting by God to fight and to plan. He organized society and acted as judge in the community. He commanded armies in battle, dispatched ambassadors, signed treaties. To say that religion can be separated from the business of government is nonsense.

This, says Khomeini, is what the imperialists want. They want to persuade us that religion is just a matter of theology. He claims that when the British entered Iraq during the First World War they banned all demonstrations. Then one day someone reported to the General Officer Commanding that people were shouting from the minaret of one of the mosques "If that is all they are doing, the General said, 'they can go on shouting till the end of the world. Let them stay in their mosques and shout from the minarets'."

Khomeini also claims, as he told me in one of our discussions, that after his arrest in 1963, while he was in prison in Tehran, someone came to him from the

Palace, and asked him why he bothered with politics. "Politics is all a matter of treachery, lies and hypocrisy," said the envoy. "You had better leave it to us," Khomeini says his answer was that that might be a true description of their sort of politics but it did not describe Islamic politics. He said that after this interview the man from the Palace sent a statement to the newspapers to the effect that Khomeini agreed that religion and politics should be kept separate, with politics being left to the politicians. When he got to Najaf, he denounced this statement as a lie. "It is the man who published this lie who ought to have been sent into exile, not me."

Khomeini's speeches and writings are bound to have a strange sound in foreign ears because part of his genius lies in the use he makes of phrases from the Koran. These have an immediate relevance to Moslems but need a good deal of explanation for non-Moslems. I have already mentioned his use of the words *taghuti* (tyrants) and *mustazafin* (the humiliated). He used other Koranic words to contrast the *muslim* with the *shirk* and the *shirk* with the *muslim*, the vain and arrogant, with the *mahrumin*, the

deprived. When officials of the Shah's regime went on trial, and were accused of being "soldiers of Satan", some western newspapers found the expression slightly ridiculous, but again it had a familiar sound to Moslems.

In many respects Khomeini's ideas are extremely progressive. In his book *Islamic Government*, he discusses subjects like imperialism, exploitation, and the influence of America in very modern terms, while he introduces the book with an appropriate verse from the Koran: "If kings enter a village, they will despoil it, loot it, and turn its honourable inhabitants into slaves."

In this book, as elsewhere, he emphasizes his main themes — hostility to the United States, which he regards as the arch-enemy, and hatred from Zionism and Israel. One of his few views was that it was right that some of the money due to the Imam should go to the Palestinians; this of course pleased the Arabs.

It was characteristic of Khomeini, and one of the reasons for the growth of his reputation, that his interest extended far beyond the confines of Iran; he was never parochial. He

tried to address people not just as a Shia ayatollah, not just as a Persian, but as a Moslem leader who could speak with authority to all Moslems. Islam, he said, made a man free in all that he does — in his person, in his reputation, in his work; in where he lives and what he eats, provided that he does nothing that is contrary to Islamic law, to the *Sharia*.

These were the principal ideas which Khomeini took with him to Najaf when he was driven out of Qom. Although he had been obliged to abandon his *hawza* he still regarded himself as a part of it, and from Najaf he used to send every week to his pupils a lesson he had recorded on cassette. These pupils would congregate to listen to his voice, and gradually others from outside the *hawza* came to listen too.

Soon the message on the cassettes moved away from theology and became increasingly political. The cassettes were transcribed, the message on them copied and circulated outside Qom, in Tehran and all over the country. These taped messages became known as *ghamias*, communiques, or literally, "I-am-informing-you".

As someone said, what was happening was a revolution for democracy, against autocracy, led by

theocracy, made possible by xerography. Or, as one foreign ambassador observed the right man had appeared at the right historical moment, saying the right things.

My own first meeting with Khomeini took place in the small house at Neauphle-le-Château, twenty miles west of Paris, which in October 1977 became his headquarters until his final return to Iran. On the day I arrived, in December, I found people there who had come from all over the world — students from the Sorbonne, graduates from Harvard, Yale, Berkeley and other American universities, many from leading families in Iranian society and public life.

I was met by Ayatollah Hussein Muntazari, the second most important Iranian divine and the man who would have had to take over from Khomeini if anything

had happened to him. He took me to Khomeini who, after we had been talking for some time, asked me if I would care to attend the evening prayers and sermon. When I said that I would, he instructed his grandson Hussein to take me across to the marquee outside.

Soon Khomeini entered and began to address his followers. He started in a low key but I have never heard a voice which was so quiet and yet so moving. It seemed to caress the ears of his hearers in gentle waves, producing in them a state almost of intoxication.

At first Hussein translated his message into Arabic for me, but some of those near us begged us to be quiet, and in any case I preferred to address the effect of his words on the audience rather than be told their exact meaning.

It was a most extraordinary scene. Here was the Imam, with his long grey beard and the black mourning turban of the Shi'is, a figure who might have stepped straight out of the seventh century. Yet all these people, representatives from the intellectual and social elite of Iran, were listening to him in absolute silence, hanging in rapt attention on every word that fell from his lips.

What most impressed me, when the chance came to talk alone to Khomeini, was his ability to grasp the essential of a situation. When I saw him, he had already been clear in his own mind for the best part of a year that the stage in Iran was set for a revolution, but he knew that there were no political forces and no individuals inside the country capable of leading it.

The remnants of the old political parties, and the new groupings like Mujahidin Khalk, had been living too long in a state of siege to see the position clearly, and some of them had compromised with the regime. So had some of the religious leaders, but Khomeini was absolutely certain that the motive force of the revolution was going to be the religion, and that this meant he was the man who was destined to lead it.

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## The teaching that says every man lives in four prisons

The great strength of Islam is that it provides a law, a rule for life which appeals to the heart as much as to the intelligence. It governs a man's relationship with his fellow man, with his wife and family, and with his whole universe.

It does not require a sophisticated understanding, since it is a belief which has been handed down over generations and whose language and forms are as natural to the Moslem of the Arab world as the air he breathes. Even liberal thinkers have often ended by returning to the religion of their childhood. Thus Taha Hussein, the distinguished writer and educationist, whose early book on pre-Islamic poetry had provoked a storm of protest from the orthodox, turned to writing about the Prophet and the early days of Islam.

Other Egyptian literary figures such as Mohammed Hussein Heikal and Abbas el-Akkad, who had been greatly influenced by western writers like Bergson, Shaw and Wells, became increasingly concerned with Islamic themes. Even communist novelists

started to tackle sympathetically Islamic subjects.

For Iranians much the most important influence (apart from Khomeini himself) was the man who became the philosopher of the Revolution, Dr Ali Shariati. When I was having my discussion with the students inside the American Embassy in Tehran I found that any one of them would, in the space of a few minutes, quote Khomeini at me five times and Dr Shariati at least three times. Shariati was a prolific writer, with more than a hundred books to his credit.

Part of his teaching, which had a profound effect on Iranian youth, was that every man is in four prisons. First he is in the prison imposed on him by history and geography; from this he can liberate himself through science and technology. Next he is in the prison of historical necessity, and from this he can free himself by an understanding of how historical forces operate. The third prison is the social and class structure; only revolutionary ideology can provide the way of escape from that. The fourth prison is the self. Each

individual is compounded of divine and satanic elements, of good and evil; each individual must choose between them: Shariati admitted that his ideas were an amalgam of Islam and Marxism. He was a twentieth-century thinker el-Hallaq, with a dash of Pascalian humanism.

All this should not be the occasion for surprise. While the western achievements appeared to Arabs and Iranians to be represented by weapons of mass destruction and instruments of torture, Islam offered a positive good. The West supplied the machinery of suppression; Islam by contrast put the emphasis on the individual, on the dignity of man. For Islam is the religion of the individual human being; the social content is built into the message of Islam.

It is significant that when a Moslem achieves independent manhood he aims to provide himself with two things — a home and a grave. The home is the refuge of his body while he is alive; the grave the recipient of his body after death.



Khomeini sees Islam as one eighth prayers and ceremonies, seven-eighths principles and organization.



## Britain's troubled cities: a Times special survey

# An open letter to the Prime Minister, by Peter Walker

This letter to the Prime Minister is from Mr Peter Walker, now Secretary of State for Agriculture and formerly Secretary of State for the Environment. It was written this week to Mrs Thatcher but in June 1976 when the Prime Minister was Mr James Callaghan.

## Dear Prime Minister,

Because for the last two years I have made an in-depth study of the problems of our West India community I would have written this letter to you irrespective of the events in Southall. These events have highlighted the anguish and problems of our Asian community, particularly the frustrations of the younger generation of Asians. But while the Asian community have immense problems of housing, employment and education, they are problems that are not as grave or as extreme as those currently being suffered by the 120,000 households of West Indian descent.

When I enjoyed the privilege of being Secretary of State for the Environment I was deeply concerned that there were concentrated in a number of our inner-city areas a coloured population suffering from considerable deprivation. A combination of bad housing, bad education and racial prejudice meant that they were destined to be the unemployed and the perpetual poor. The true facts were available and to obtain the facts was one of the purposes of my instigating the three Inner-City Studies in Liverpool, Birmingham and London — all three in districts with a substantial immigrant population.

Although during my period as Secretary of State for the Environment there was relative full employment it was clear from my observations as the head of that department that our coloured minority were not enjoying anything like the opportunities that were available to the country as a whole. The reality of their bad housing, bad education and high unemployment is of such dimensions that, unless tackled effectively and quickly, it will bring to Britain the crime, the bitterness and the resentment that have been such a tragic feature of those American cities that equally failed to identify the aspirations, hopes and deep disappointments of their coloured population. Birmingham and London possess the main concentrations of West Indians. Our first and second biggest cities are therefore threatened unless we succeed in taking effective and imaginative action.

## Housing

I remember the horror with which within a few weeks of becoming a minister, I talked to one West Indian family — husband, wife and four children — who were living in one room in Brixton without a single window to that room. I was determined to see that such conditions ended. They have not. They are getting worse.

If you are a West Indian there is six times the chance that you will be sharing accommodation with another family than if you are not West Indian. West Indians have two-thirds again more people per room than the population as a whole. The proportion of West Indian families living in what is officially described as overcrowded conditions is tenfold the proportion of the country as a whole.

## Education

Being concentrated as they are in our worst inner city areas, the majority of West Indian children are in old schools. The turnover

of teachers is massive. You will find few teachers in any of the schools in which they are concentrated who have been there for five years. Some of the children have as many as three or four different teachers in one year. A high proportion of West Indian children are leaving school with totally inadequate standards of literacy and numeracy, to the deep disappointment of their parents.

It is not surprising that with the fast turnover of teachers and the fact that 74 per cent of West Indian women of working age are out at work that the truancy rate is of massive proportions and in many cases the teachers are relieved when some of their more difficult pupils are absent. Far too many young West Indians from the age of 12 and 13 onwards are leaving school to join the homeless and the unemployed, living on cash earnings and sometimes on crime.

As yet these increasing groups of unemployed and homeless teenagers have not been mobilized for political or criminal purposes on any scale but if they are the effects could be massive in both London and Birmingham — effects that have only previously been seen in the worst inner city areas of America.

## Unemployment

The 1971 survey showed that of the West Indian unemployed only two thirds registered. From the inquiries I have recently made in both Birmingham and London I believe this is still the position, particularly among teenagers. The boy who has played truant from school tends not to sign on for unemployment. From 1974-76 unemployment in Britain doubled, but for the West Indian it was tripled. In February 1976 there were more than 16,500 West Indians registered as unemployed — one for every five West Indian households, the majority of them teenagers. In some districts you will find nearly half of the West Indian teenagers without a job and those with a job have had to make three times as many applications for a job as their white counterparts of identical educational achievement.

The history of cities has shown that irrespective of being black or white high unemployment among teenagers has always meant a massive increase in crime. You will know as a former Home Secretary how the present crime rate among West Indians has dramatically increased. We are in danger of losing a substantial proportion of a whole generation of young West Indians to prisons, borstals and psychiatric units. We are bound to pay a heavy price if a generation of young people is lost in this way. The reality of the West Indian young is that they are frequently badly educated. They have little motivation; no skills; they are homeless; they are devoid of guidance and more and more devoid of hope. In such conditions they are increasingly becoming positively hostile to the white population and to white authority. We have districts in which in every street there are West Indian families in overcrowded and deplorable housing conditions. Every other teenager is unemployed or playing truant from school; low incomes and numerous one-parent families; and above all no hope. This situation must be ended. To fail will not just mean the continuation of the misery of large numbers of the coloured population in Britain. To fail will bring increasing misery for the white indigenous population living in our cities. For to fail will mean an increase in crime. Failure will mean deteriorating industrial relations. To fail when the task is relatively so small will show a nation incapable of tackling a problem the solutions for which are readily available.

Successive governments, including your own, have operated in Britain general improvement areas, the priority neighbourhood schemes, the housing action areas, the educational priority areas, the urban aid programme, the job creation programme, the youth employment scheme and the community industry scheme. And yet I must tell you that the help is not reaching this group of people who need it most. During the operation of all of these schemes their unemployment has increased, their housing conditions have got worse, the crime rate has soared to new heights, and we are making no substantial breakthrough as far as education is concerned.

It is vital for you to discover immediately why it is that with all of these schemes available so little is being achieved. The Inner City Report on Liverpool has disclosed the startling fact that the district of Liverpool that has double the proportion of immigrants as the city as a whole has 50 per cent more of the larger families, has nearly double the crime rate and treble the overcrowding, is the district that contains 9.5 per cent of the population of Liverpool but receives 6.1 per cent of the public expenditure of Liverpool.

This is why I urge you, as Prime Minister, to call together your cabinet ministers who have responsibility in these spheres — the Secretary of State for Employment, the Secretary of State for Education, the Secretary of State for Social Services, and the Secretary of State for the Environment — to demand of them that they first of all ascertain quickly the reality of the dimensions of the problems facing our West Indian community and then to see that, in collaboration with the local authorities primarily concerned, a system of management is put into operation whereby the resources that are meant to be available to these people are made available to them. There is no doubt that with determination within five years we can by positive action bring an end to the misery of this population and bring them something very near to an equality of opportunity with the rest of the nation. It is no use talking of lack of racial discrimination if a lack of positive action means that the worst housing, the worst jobs — or no jobs — tend to be concentrated upon one community.

There is no reason why, with an imaginative five-year programme positively managed, at the end of that five years the housing, educational training and the job opportunities standards for West Indians should not equal those of the rest of the country. Eventually this action will have to be taken. The question is will it be done after racial relations have deteriorated still further, hatred has been built up in the hearts of the West Indian community, hostility has been created by the white community's resentment of the crime and the property damage that will have been attributed to the coloured community? Britain has a size of problem that is manageable. Britain does have the resources to manage it. I plead with you, as Prime Minister, to take the urgent action that is now necessary.

Yours sincerely

PETER WALKER

## The views of community leaders

### The deprived areas that spell danger

## Beware the easy explanations

Between 1963 and 1968, angry blacks and some whites fought mainly white policemen in riots in almost every city in the United States. In the first nine months of 1967 alone there were disorders in at least 164 American cities. In that year, 23 people were killed in Newark, New Jersey, and 43 in Detroit.

Now that British cities are experiencing what look like similar disorders, it is in inevitable that comparisons should be made.

We should, however, be careful what lessons we draw. A close look at the Detroit riots of 1967 is a reminder that we should look at what really happened — not at what journalists, honestly, but wrongly, thought happened; still less at the interpretation it suited politicians to put on events.

Early on a Sunday morning in July 1967, Detroit police raided an after-hours club full of people attending a party for two black soldiers home from Vietnam. While they were putting people under arrest someone broke the window of a police car with a bottle. By the following Thursday, when elements of two army airborne divisions finally succeeded in restoring order, the entire west side of the city looked as if it had been bombed, and 43 people were dead.



Riot police abroad are well equipped and trained to meet mob violence on the streets. Until now, British police have depended on shin-pads and cricket boxes for protection.

Within days, Detroit was the most analysed city in America. There were articles, reports, polls, surveys, and television documentaries. Almost all of their explanations fell into one of three categories: the radical theory, the conservative theory, and the liberal theory.

The radical theory held that

what had occurred was a spontaneous revolutionary insurrection. "It was the colonized reacting to colonization", a young black teacher told me. If what happened was insurrection, it was one of the most aimless insurrections in history. Most of the damage was done to black people's property. Almost all the victims were black.

The conservative theory was slightly different. It was that there was a revolutionary insurrection, but not a spontaneous one. The *Detroit News* announced that there was strong evidence of a national conspiracy to organize "deadly sniping" in Detroit. Most of the speakers at a national police convention which happened to be on that week agreed that the riots had been "stirred by travelling agitators".

There were difficulties about this explanation, too. No one ever found any trace of agitators at public, nor of any snipers. The publisher of the *Detroit News* told me that he now accepted that there were no snipers.

That leaves the liberal theory. The Kerner Commission, set up by the Government to study the 1967 riots, gave this theory its classic exposition. "White racism", it said, "is essentially responsible for the explosive mixture." It blamed

"men and women without jobs, families without men, and schools where children are processed instead of being educated". In short, it attributed the riots to failures of social justice, and when it came to recommend policies to prevent future riots it put the emphasis on long term social reform: more jobs, more welfare, better housing, better education.

This "liberal" explanation is more persuasive than the crudities of "revolution" or "conspiracy". But in Detroit, at least, it too suffers from fatal difficulties. The Detroit riots, for one thing, cannot be called "men and women without jobs". Eighty-three per cent of them were employed. More than half were members of the United Auto Workers — the very union so often cited as the spearhead of the working man's advance to middle class prosperity. The rioters were not the most deprived, but working class people, with jobs, who owned their houses, and were "making it".

Nor was the Detroit riot caused by "white racism". It was caused by the police. There had been a long history of insensitive policing on one side and black resentment on the other, dating back to the 1940s, but recently exacerbated by a series of inci-

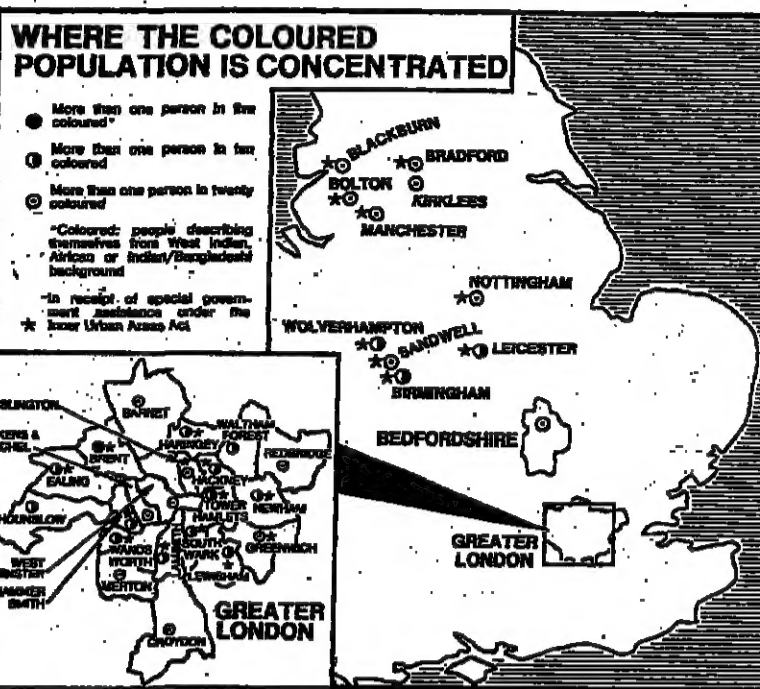
dents. The riot itself was precipitated firstly by heavy-handed action, and made worse by a series of mistakes in police tactics.

There are ominous parallels between that American experience and recent events here. The Detroit riot, like the one in the St Paul's area of Bristol, began after an ill-judged raid on an illegal club. In Newark and in Watts, as in Brixton and Toxteth, rioting grew out of what may have been poorly handled street arrests. In all six cases the background to the incident was a long history of specifically tense relations between predominantly black neighbourhoods and predominantly white police.

This is not said in order to "blame" the police. It is plain that we persistently ask policemen to take an unfair share of the consequences of general social failures, and we do not properly prepare them for the tasks we impose on them.

The sharp lesson of American experience remains clear: if you want to know why people riot against the police, you must first look closely at the way the police behave towards those people.

Godfrey Hodgson



## The trouble areas to look out for

The background to civic breakdown shown in Brixton, Southall and Liverpool is even more sharply etched in a dozen other English urban areas. If unemployment, substandard housing and racial concentration are flammable, then a firestorm is vital for the London boroughs of Brent and Hackney, and for Birmingham, Kirkcaldy and Bradford.

The map shows where non-whites are a significant part of the local population; the flags show which of those areas is officially recognized as deprived. Under the Inner Urban Areas Act, inherited by the Conservative Government from its predecessor, the Department of the Environment measures overcrowding, low employment skills and social disruption in the form of large numbers of elderly people living alone and single-parent families. Half of the 40 districts defined as in need for special grants have significant concentrations of non-whites.

For example, in Lewisham, the scene of the New Cross riots and this year's Deptford fire tragedy, non-whites make up at least one in 10 of the local population. One in five of Lewisham's inhabitants lack exclusive use of a toilet. Unemployment is a major ingredient of the classic social recipe of race and deprivation. In Kirkcaldy, West Yorkshire, where Moslem temples have recently been desecrated, some 7 per cent of the population is non-white; unemployment in May was rising above 12.4 per cent. Asians traditionally employed in textiles are carrying a disproportionate share of jobs being lost at present. Other centres of non-white population tend to show higher than average unemployment. The calculation is more difficult in London where the average rate of unemployment is lower, 7.1 per cent but individual employment offices in Brixton

and Hackney show above-average figures.

The available data is worse than imperfect. The official data on the distribution of the non-white population is incomplete. The map is based on the most recent source, the 1977 National Dwellings and Housing Survey, which incidentally picked up information on ethnic backgrounds. (It excluded Wales and Scotland.) Population changes since then have been rapid. The Asian community in Bradford has grown, the local authority estimates, by 10,000 from 45,000 in 1977.

Official figures are too insensitive to reach down to the wards, where there are often even higher ethnic concentrations and acute deprivation. We know about some because they have erupted. Liverpool's non-white population is proportionately small at 2 per cent, but that figure is much higher in Toxteth which broke out in extreme violence. St Paul's in Bristol is another such area. Local knowledge pinpoints St Anne's in Nottingham as poor and non-white; also Handsworth in Birmingham and the town of Dewsbury in Kirkcaldy.

Ignoring incidents in Liverpool and others which belong to a different tradition of civic disorder, racial clashes have occurred in most districts with varying severity. Nottingham had race riots locally described as "episodes" in 1958, the same year as the Notting Hill commotions in London. The National Front has ensured that towns from Rochdale to Newham have suffered incidents. Some have escaped lightly. Among them is Bradford with an enviable reputation for live and let live. Likewise in Wandsworth, an active community relations council has had noted success in keeping the peace.

A wall of police behind shields take the brunt of the rioters attack.

## Why I am confident, by the Archbishop

Violence hurts. Violence shocks. It can take people by surprise even when for a long time it has been expected. If it happens at dusk or in near darkness, when it is difficult to identify faces in the light of petrol bombs and burning buildings, there is confusion, rumour and counter-rumour.

Liverpool has known all this in the last few days. Its people have suffered many trials in past decades. This time they have been doubly hurt — by the injuries sustained and by the senseless destruction of property. Most of all, it has been shaken in its pride in being a community which generally thought it had learnt to cope fairly well with being multiracial amid increasing social deprivation.

Few factors in these nights of violence are certain. But one point is clear. Monday night's rioting and hooliganism by teenage white youths — including some at least from well outside the city — had little to do with the issues that sparked off the troubles in Toxteth at the end of last week.

But after the confusion of these last nights of real tragedy, for so many, there is increasing reluctance to attempt at this stage further analysis of the social makeup and problems of Toxteth — and beyond. Some of the looting and hooliganism has taken place outside the confines of the sociologists' Liverpool 8.

The immediate concern is for the restoration of peace and hope. It could well be that even this first stage may require explicit commitment at national and local levels to face up later on to the long-standing social injustices which have proved the tinderbox that exploded at the weekend. People are quick to point now to the appalling unemployment figures, especially for young people and, worst of all, for black youths.

Others point to housing which, despite genuine efforts, is still below par in much of the city. There is evidence that, again, despite some efforts by community workers and by the police themselves, there has been long-term mistrust between the black community and police.

The problems are at least complex. They add up to explosive frustration. No one is looking for a quick solution. Political slogans and moralizing do not satisfy. But no one here is looking for another social study which tells us that we probably suffered more surveys than any other part of the country. Action will be necessary.

This long-term tackling of our problems will have to include a lot of listening. For that is not a community upon which a solution can be imposed. Just at the moment, against the racket of riots, it would be difficult to hear what the genuine local voice of Toxteth is trying to say. But it wants and needs to be heard.

Perhaps that is one of the more hopeful signs of these last hours. The coloured community in our city has its own leaders. They have their own views, their own way of expressing them and their own methods of communication. There are signs that they are being listened to at last, at least in certain quarters. Their action these last two nights, in encouraging their people to keep off the streets, shows leadership commanding response. Like the rest of those seeking to serve the community, they are to a great extent powerless in face of an invasion of hooligans and sightseers from outside. But Monday night's rioting was not in evidence in areas where these local community leaders exercise their responsible influence and where the police wisely and bravely kept a low profile.

† Derek Worlock  
Archbishop of Liverpool

## I saw looting, burning — Alton

The Merseyside police had been alerted that Lodge Lane was to be the target for Sunday night's attack. Lodge Lane is at the eastern end of Upper Parliament Street. By forming a line at the east end of the street, the police tried to contain them in the centre of Upper Parliament Street where they had again gathered. As it became clear that the rioters — many of whom wore masks and balaclavas — had broken through the western police position, the police abandoned the street. The rioters used milk floats from the Unigate Dairy (whose proprietors say they will not be returning to the district) to batter through the police lines. A stolen taxi was used like an armoured car. Looting, meanwhile, had broken out in Lodge Lane and I saw things which have brought shame on the people and the City of Liverpool. Firemen, bravely trying to check if the blazing buildings were occupied, were obstructed by looters, who

grabbed and stole anything within reach. Some were my own constituents; others were professional thieves enjoying the freedom of a street which had been abandoned by the police. At 3.30 am the same thing happened in Smithdown Road when local people tried to resist as hooligans marauded with pickaxes and sticks. Adults and children walked out of Tesco's carrying baskets full of plunder. People carried carpets over their shoulders; a couple pushed a fridge down the street. A local shopkeeper brought out a shotgun and fired. The looters dispersed temporarily.

At the western end of Upper Parliament Street, the police were fighting a battle at the foot of Liverpool's Anglican cathedral in Hope Street. This was the gateway to the City Centre shops, the Police Headquarters, the warehouses, and the commercial areas. The police did not have a chance. Many were frightened. They had no experience of violence on this scale, had received no training, and their riot shields were inadequate. In the early hours one police officer told me that an appeal had gone out over their radios, from Police Headquarters for any officer who was experienced in handling CS Gas. If it had been used hours before much destruction would have been avoided.

Relations between the Liverpool police and the public and police methods are being blamed by some for the riots.

David Alton

The author is MP (Liberal) for Liverpool, Edgehill

## Let's set people to work — Heffer

For over 20 years I lived in the Toxteth area of Liverpool, and for eight of those years in a street adjacent to Lodge Lane where some of the recent violence took place. Liverpool 8 is a cosmopolitan and colourful area, typical of many of Britain's seaports. It has always been overcrowded, with serious social conditions, bad housing and the usual problems common to most inner-city areas.

The Toxteth riots were not the same as those in Southall. It was not white youth against black, but black and white youth together against authority, the police being the common enemy.

For a very long time there has been a black population in the area. It has its Orange Lodge supporters as well as its Roman Catholic parishioners. Racial problems have, to some extent, been in evidence, but there have never been serious problems between black and white. The basic problem is youth against authority and that arises in Toxteth because of the high levels of unemployment and the feeling that no-one really cares about them and their problems. It is estimated that well over 40 per cent of the working population are unemployed.

If young male workers are employed, they are too busy earning their money and having a good time at weekends to become involved in violent clashes with the police. But if they are without employment and with no hope of work, then their frustration and pent-up anger finally erupts into violence. This is not to excuse or condone violence, but to explain it.

Willie Whitelaw, in his statement to the House of Commons, was able to say that large sums of cash had been put into Liverpool through the inner city partnership, which was established by the last Labour government. He further pointed out that cash will be available in the Merseyside Development Corporation. All this is to the good, but rather long-term and not enough to deal with the immediate problems.

I do not believe that outside influences were responsible for what happened in Toxteth. The youths involved were not from other parts of the country, or even other parts of Merseyside. To believe this is to fail hopelessly to understand what really happened.

What is now required is the establishment of emergency work centres. The first thing to be done is to get the unemployed to work clearing the rubble and the derelict sites in the area; then, to create centres which will provide jobs as well as training and re-training courses.

It is evident that community and police relationships need to be examined and improved, for I fear that, unless action is taken quickly, further violent outbursts could take place.

There is also a need for an urgent national enquiry into the problems of the inner city areas, which should make proposals to be quickly acted upon.

Eric Heffer

The author has been MP (Labour) for the Walton division of Liverpool since 1964.











A SPECIAL REPORT

# Italian banking and finance

The banking system in Italy has not proved immune to the deterioration in moral and legal standards of the past decade. In fact, some of the most serious scandals have originated in banking, from the collapse of *Simone* Michele Sindona's empire to the bad debt of the Central Institute of Savings Banks. There is an atmosphere of intrigue between the more obscure sides of finance and politics.

But even if it has its quota of scoundrels as well as of saints, the banking system functions. It runs along its established lines, sometimes — as shown in the growing competition from foreign banks — a little provincial in mentality and method. Most banks are profitable. Most offer an image of stability in a society fearful of being destabilized.

Under weak and short-lived governments, incapable of applying coherent policies, the Central Bank exercises a much greater influence over the economy than in most countries. *Signor* Carlo Azeglio Ciampi, Governor of the Bank of Italy, would hardly admit this, and prefers to speak of the bank's role as being that of a discreet adviser to governments.

He is jealous to keep the bank's autonomy, but in

recent years there has been a reduction in its autonomous control over the creation of money. It has found itself automatically having to satisfy increasing funding requirements of the Treasury, and having to "mop up" unsold Treasury bonds.

However, the Central Bank no longer intends to fulfil this function, and the Government has had discussions with the Treasury about ending its gradual and without friction in practice, management by the Treasury of its funding requirements should be able to curb excess spending and smooth away temporary distortions in interest rates.

Successive governments have been used to their seat being one of the hottest in Italy, and none more so than *Signor* Ciampi, a 60-year-old Tuscan who has made his career with the bank since 1946. He has had to deal not with an economy mired by recession but with a lively one in which internal demand grew between mid-1979 and mid-1980 at a rate unparalleled in the past 20 years.

In the two years 1979 and 1980 gross internal product and private consumption both increased in real terms by nearly 10 per cent. Investment in machinery and equipment rose by 30 per



Signor Ciampi: jealous of autonomy

cent, and internal demand by 13 per cent. Indications this year are that internal demand, both for investment and for consumption is still fairly high and that industrial production, after leveling off, has maintained a reasonable rhythm.

A price has been paid in inflation, record balance of payments deficits, and strains on the lira. For nine years inflation has been in double figures, and for the last two about 20 per cent. The balance of payments had a deficit of 6,435,000 lire in 1980, and 3,433,000 lire for the first quarter of this year. The corresponding figures for the trade deficit were 12,650,000 lire — and 1,483,000 lire. The bank has had to draw substantially on reserves to defend the lira.

The Bank of Italy, together with the Government, responded with a series of measures. A strict "cease" on monthly lending limits in force until next December. The lira's parity in the European Monetary System was devalued by 6 per cent last March. The Bank of Italy's discount rate was raised to 19 per cent and the reserve requirements of banks were tightened. In many, a 30 per cent deposit was imposed on imports.

ing the banking system. The aspect most familiar to the public is when its inspectors discover irregularities in the books of some bank which lead to arrests and scandal; but this is not the part that *Signor* Ciampi would like to emphasize.

He wishes to avoid an impression of a relationship with banks such as that between inland revenue and taxpayer. Rather, he sees the central bank's role as collaboration and encouraging banks to improve their efficiency and services. The bank favours the entry of reputable foreign banks to sharpen competition.

Efficiency is not encouraged by the present involvement of banks in concessional lending, and the Government is pressing for the state to take over direct responsibility for incentives, under conditions which should be clear and unambiguous. The beneficiary of state aid could then go to a bank for a loan for his project, but under commercial conditions.

This is only one of many points in the present debate on how to improve the banking system. One item, banking appointments, has been almost settled. A year ago more than half the top posts in saving banks and some big public banks, nominations for which rest

with the treasury, were technically vacant, but now in most cases the Treasury minister has been able to reconcile conflicting political interests and make new appointments, with *Signor* Ciampi's assent.

Progress is also being made on giving officials of public banks equal legal status with those of private banks. A Bill to this effect is before Parliament.

Debate now centres on points such as how to increase the inadequate capital base of public banks. For some, already with a bourse listing, this merely means offering more shares on the market; but for others it requires changing their legal structure.

Banks are worried about a fall in their deposits. Most have never taken the trouble to make the small account holder feel welcome, and at present government bonds offer higher returns. How can banks extend their services, in which they are still well behind other western countries?

Slowly, under the pressure of events, the banking system is trying to adapt itself to the needs of the 1980s.

John Earle

## Medium-term: dangers in knight errantry

by Charles Kennard

Italy's medium-term banks have a socially desirable reputation for knight errantry and the rescue of industries in distress. But knight errantry has its dangers, and stories abound in banking circles of gruesome wounds beneath the shiny armour of profits which they show to the outside world.

Apart from conventional banking hazards, many large medium-term banks, particularly those specializing in industrial credit, face an additional danger: their liquidity. Government pressure has pushed them into unprofitable long-term commitments through the formation of rescue consortiums for financially-troubled industrial groups.

Through such rescue consortiums, often unjustifiable on normal banking criteria, the banks have consolidated several million million lire of short and medium-term credit into non-remunerative equity holdings in loss-making operations.

Other medium-term institutions face similar problems in different forms. Although distinctions are becoming increasingly blurred, the Italian banking system basically consists of specialized agencies. Ordinary banks and savings institutions finance short-term lending by taking short-term deposits. Medium-term institutions provide medium-term loans, often in the form of equity and capital market borrowings or by drawings on special state funds.

Within the medium-term structure some institutions specialize in lending to industry, and export finance, some in lending to agriculture, some to lending for construction. Others, such as *Credito Industriale* (CIS), *Iris* and *Isveimer* have a special responsibility for development in Italy's poorest regions.

Broadly speaking, the more the institutions work as agents of government socio-economic policy, acting as channels for the distribution of subsidized state development funding, the greater is the pressure on them to

stretch the prudential constraints on their lending. This is true whether or not the institutions are state-owned.

The majority state-owned *Mediobanca*, under the guidance of *Signor* Enrico Cuccia, its widely-respected managing director, enjoys an enviable reputation for prudence and sound banking. *Mediobanca* has played an important role in the recapitalization of enterprises such as *Fiat* and *Olivetti* by the technique of providing large medium-term loans matched back-to-back with bond offerings under the *Mediobanca* name convertible into shares of the company receiving the loan.

Even the prudence of *Signor* Cuccia failed to protect *Mediobanca* from heavy loan exposure towards the financially-troubled synthetic fibre and chemicals companies *Montedison* and *Sinvisco*. But at least its influence within the rescue consortiums helped to ensure a thorough rationalization and financial restructuring operation before either debtor was irretrievably ruined.

In contrast, Italy's other leading industrial credit institution, *IMI*, which acts as a channel for the transfer of subsidized state funds to industry, has found itself drawn over the past three years into impossible attempts to shore up the insolvent *SIR* and *Liquigas* chemical groups. These attempts, aimed at a labyrinth of economic, political and social cross purposes, have still to be resolved, but little of either group has proved salvageable. What *IMI* and its companions in the rescue get back from *SIR*'s debts, estimated at more than 3,000,000 lire, or *Liquigas*'s debts estimated at more than 2,000,000 lire will depend entirely on the readiness of the Government to cover their losses, and on the state oil group *ENI* to pay for the installations which it has unwillingly taken over.

This situation, however painful, at least is not tainted by corruption. A two-year investigation by Rome magistrates into the *SIR* affair

recently cleared *IMI* and the other creditors of any irregularity in their lending. It also disposed of earlier allegations by the magistrates that the banks provided credit without due care, and that *Signor* Bank of Italy officials, including *Signor* Paolo Baffi, a former governor, covered up evidence of irregularities because of personal links with the credit institutions concerned.

But if the doubtful debts of the medium-term institutions are free of taint, they are unfortunately not free of that chronic secrecy which characterizes Italian financial life.

Under Italian law, the banks are not required to treat debt as being in default until the borrower, however insolvent, or behind in his interest payments, actually files for bankruptcy — which, as the *SIR* and *Liquigas* cases show, seldom happens.

Much doubtful debt consequently remains undisclosed, continuing to figure quite misleadingly on the asset side of the annual balance sheet. How much, possibly nobody knows outside the central bank, which preserves a mastery reticence. But one medium-term banker in private conversation conceded that real bad debt of his own institution was almost "four" times greater than the 20,000 lire declared in its latest annual accounts.

This situation may change in 1983, when Italy is to come into line with a European Community directive on the harmonization of accounts and conventions. With this deadline approaching, banks are beginning to make suitable provisions, which central bank officials say will be sufficient by 1983 to avoid any crisis or loss of confidence in the banking system.

Many less confident bankers, however, say they expect the deadline, like a bad debt, to go by default. *Rinviare* (to postpone) and *Sinviare* (to let slide) are two of the commonest words in Italian public life.

## Pressure to improve customer services

by Mary Venturini

Any foreigner who has tried changing money at an Italian bank will have his own story of long waits, large commissions, lack of communication and general inefficiency. Even Italians have to resign themselves to endless form-filling, long delays at one counter after another and high bank charges in return for precious little service. Opening a bank account is a nightmare, statements are often incomprehensible and interest paid on accounts climbs into two figures only for the most favoured clients.

Banks and credit institutions in general have been able to get away with their rudimentary services largely because there has been little reason for them to do otherwise. Deposits kept rolling in, competition was often non-existent and profits looked so good that there was little incentive to try anything new.

Profits still look good because lending rates have continued to go up while interest payments have remained static. A number of factors are now beginning to shake the banks out of their sleep. Growing pressure from foreign banks offering a new choice of advanced services has certainly been one warning sign.

Another much more alarming trend has been the slowdown in the increase in deposits over the past 18 months. It is estimated that deposits this year will grow about 10 per cent compared with the 12 per cent growth last year and the 20 per cent registered in 1979. The slowdown is particularly

marked in the North, an indication that the trend is caused by the growing sophistication of the saving public.

Paradoxically, only a couple of years ago the financial community was warning that the over-emphasis on bank deposits as the main form of saving was unhealthy. But the search for different types of investment has been so sudden that the credit institutions are having to cope in a hurry.

Banks are also worried that the shift out of bank deposits has been mainly into government bonds — in other words that savings are going to cover the public debt rather than into productive investments.

But it is not difficult to see that if the Treasury is offering something close to a 20 per cent return on capital with its short-term bonds and credit certificates and the banks are paying only about 10 per cent on accounts, then the average saver is not going to think twice. If, in addition, he thinks that a trip to the bank is merely a morning wasted, then banks will become less and less important as financial intermediaries.

The credit institutions are now suggesting a number of remedies. The first involves a reform of the present deposit system. At present interest is paid on all deposits. It is being suggested that different rates should be made for various types of accounts along the lines of the current and savings account system. The Governor of the Bank of Italy has suggested that

interest should be paid according to the time and size of the account. The savings banks are studying a scheme to abolish interest payments and to substitute them with index-linked revaluation of capital in line with the rate of inflation.

The second development involves the creation of a range of services to provide the banks with a new source of income both from the individual client and from the small and medium-sized companies.

For those whose main interest is the speed at which they can get their money into and out of their account there are the first signs of a long overdue improvement in banking services.

At most of the large banks it is now possible to deposit money and to draw it out in the same operation. It is still difficult to cash a cheque at a branch other than one's own, but even this is getting easier now that the Banca Commerciale and the Credito Italiano have introduced bankers' cards. Payment of ordinary household bills such as electricity and telephone through the banks is also becoming much more common. But because the servicing has not kept up with the growing demand, clients now find that they may spend as much time queuing at the bank as they previously did at the post office.

This is one of the main worries facing the banks. While most of them now accept the idea that they should provide such services as advice on tax returns, investments, overseas trans-

actions, even insurance, the staff at present is not equipped to deal with these specialized functions and experts' knowledge is often lacking. Training in the past has consisted mostly of on-the-job instruction, which is clearly no longer adequate.

Even the physical layout of the bank is not appropriate for their new function. At present paying in, writing cheques, collecting bank drafts, checking statements, asking advice on tax returns, all take place at one long counter where there is a constant battle to attract the attention of the wandering bank clerk. Cashing out is secluded behind glass panels in a discreet corner at the other end of the hall and anything else is lucky to have a separate section at all.

The services which the banks are now providing for the small and medium-sized companies are also creating legal and administrative problems. Leasing factoring and accounting are the main services available. These have increased for a number of clear reasons. Taxation, accounting, import and export procedures, foreign exchange transactions have become so complex in the last few years that the smaller companies find they are unable to cope or even keep up-to-date with the frequent changes in the law and the bureaucratic procedures required.

Leasing and factoring, however, have also developed as a way around the very

strict limits on bank lending now in force. Leasing capital equipment or taking over companies' credits provide the banks' clients with liquidity that they would not be able to get in short-term loans.

Because of the speed of their development the leasing and factoring companies are usually owned by the banks but sometimes by big industrial companies such as *Fiat* and *Olivetti* — have grown up in a legislative vacuum and free of the usual tight restrictions imposed by the monetary authorities. However, it is unlikely that the trend will be allowed to continue for much longer without the introduction of a more rigid judicial and monetary framework.

combination of factors. It has become increasingly evident that the main source of new money in Italy is the private sector. The remaining state-owned banks, the proposals to sell shareholdings in some of the subsidiaries of the state hydrocarbons conglomerate, *ENI*, to private buyers and the proposed takeover of the state's stake in the chemical group *Montedison* are all indicative of the same trend.

There is, however, another reason why the state banks would like to have a more private look. At the root of the whole issue is the fact that the law treats state and private banks very differently. State banks come under the criminal code; private banks are subject to the civil code.

A clerk in a state-owned bank is considered a public official. If he is accused of peculation, or the misappropriation and misuse of funds, he may be banned from public office and he could face a maximum prison sentence of 10 years. Whether or not charges are brought against him depends on the decision of a magistrate, who is likely to be influenced as much by his political affiliations as by his judicial objectivity.

An employee with a similar job in a private bank would not face such a maximum six-year prison sentence for the similar crime. But what is more important is that charges could be brought against him only by the shareholders on evidence of wilful wrongdoing.

It can be argued that the difference in treatment has proved its worth as more scandals have been unearthed more quickly in the state sector than in the private sector banks. But in recent years magistrates have often allowed political considerations to get the upper hand when bringing charges against bankers.



## Italian Genius

It was on 6th March 1475 that the second child of an ancient but impoverished Florentine family was born at Caprese in Tuscany. His father christened him Michelagnolo Buonarroti Simoni — and was later to oppose the young boy's desire to draw. By contrast the world simply called him Michelangelo. And was to acknowledge his genius as an artist, architect, sculptor and poet.

Yet although Michelangelo was always to insist that he was only a sculptor, it was his painting of the Sistine Chapel which earned much of his fame. From the first viewing of the frescoes in August 1511, a whole generation of painters was to be influenced by the perfection of his new idealised concept of humanity.

But perhaps perfection and innovation are simply other Italian trademarks. Certainly they are part of the service at Italy's number one bank. We at Banca Nazionale del Lavoro take pride in our full range of banking services, and particularly our lines of communication so necessary in international finance. Indeed through our extensive network of offices we provide the essential link with the Common Market — and the rest of the world.

And like Michelangelo, who to produce his masterpieces first studied the anatomy of the body, and the laws of perspective and optics, we believe our clients will find our advice based on the same care and depth of underlying knowledge.

## Banca Nazionale del Lavoro

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By kind courtesy of the Italian State Tourist Office (ENIT)  
"David" by Michelangelo

## Unequal before the law

Bank shares are a rarity on the Milan Stock Exchange, but those that are quoted have been doing so well lately that other banks, especially the state-owned ones, are watching the course with renewed interest. As many of them urgently need new capital they are examining ways in which they can take advantage of the sudden boom in private investment without actually losing their public status.

The three "national interest" banks, Banca Commerciale, Banco di Roma and Credito Italiano, all owned by the Istituto per la Ricostruzione Industriale (IRI), are launching share capital increases, combined with a bond issue convertible into shares in 1984, to attract private money.

There is little problem with these three banks. They all have a normal company structure with issued shares that are already quoted on the Milan exchange. The situation is quite different for the Banca Nazionale del Lavoro (BNL), Italy's largest bank, which is 85 per cent owned by the Treasury. If it is to attract private investors, it will have to change its regulations.

The bank already has a corporate structure with capital divided in quotas between 50 "participants" as they are called. It would have to be transformed either into a normal company with issued shares, which would require an Act of Parliament, or into a holding, which would be a much simpler legal operation.

*Signor* Nesi, president of the BNL, favours the first option. Under this, the Treasury share would be reduced to 51 per cent and the other state quotas to 14 per cent, leaving 35 per cent to be placed on the open market.

The transformation of the BNL into a share company is supported mainly by *Signor* Andreotta, Minister for the Treasury, and the Bank of Italy. But opposition is coming from various political circles, from the BNL's own employees and from a few private banks.

The five other large public banks, San Paolo di Torino, Monte dei Paschi di Siena, Banco di Sicilia, Banco di Napoli and Banco di Sardegna, face even greater problems if they want to follow the trend to attract more private capital. These are foundations without a capital structure. Whether they can be transformed into shareholding companies will depend on the Treasury, the Bank of Italy and Parliament. It could therefore be a long process.

The sudden interest in private capital among the state banks is the result of a

combination of factors. It has become increasingly evident that the main source of new money in Italy is the private sector. The remaining state-owned banks, the proposals to sell shareholdings in some of the subsidiaries of the state hydrocarbons conglomerate, *ENI*, to private buyers and the proposed takeover of the state's stake in the chemical group *Montedison* are all indicative of the same trend.

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Signor Andreotta, Minister for the Treasury, favours turning BNL into a share company

A clerk in a state-owned bank is considered a public official. If he is accused of peculation, or the misappropriation and misuse of funds, he may be banned from public office and he could face a maximum prison sentence of 10 years. Whether or not charges are brought against him depends on the decision of a magistrate, who is likely to be influenced as much by his political affiliations as by his judicial objectivity.

An employee with a similar job in a private bank would not face such a maximum six-year prison sentence for the similar crime. But what is more important is that charges could be brought against him only by the shareholders on evidence of wilful wrongdoing.

It can be argued that the difference in treatment has proved its worth as more scandals have been unearthed more quickly in the state sector than in the private sector banks. But in recent years magistrates have often allowed political considerations to get the upper hand when bringing charges against bankers.

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## ITALIAN BANKING AND FINANCE

## Testing the springboard for a leap into the international scene

by Ronald Pullen, Financial Editor

## BANCO DI NAPOLI

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## OVER 500 BRANCHES THROUGHOUT ITALY

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- Wholly owned Subsidiary abroad: Luxembourg Italian Bank S.A., Luxembourg
- Representative Offices abroad: Brussels, Frankfurt-am-Main, London, Moscow, New York, Paris, Zurich
- Affiliated banking companies abroad: Atlantic International Bank Ltd - London, Banque de Commerce et de Placements S.A. - Geneva, Representative for Bulgaria: Vitosha, Sofia

BANKING CORRESPONDENTS ALL OVER THE WORLD

By comparison with their German and French counterparts, Italian banks have made little impact on international banking markets. The chief reason for this is a domestic structure which is far more complex than those in operation in other European countries, which makes expensive international expansion hard to justify. Italian banks also shoulder more than their fair share of the chronic problems of the economy, giving them less balance sheet manoeuvre for overseas banking, and they have to overcome the difficulty of a low capital base. Moves were instigated last year to pump up many of the banks' capital, but not before one of the chairmen of the largest had said publicly that its inadequate financial resources had prevented it from taking a more active role in the Euromarkets. The same chairman also suggested that low capital ratios had caused questions to be raised abroad about the capacity of Italian banks to move seriously into international banking.

Events over the past year, however, suggest that changes are in the air. The most important has been the

effective end of the consortium banking approach to international banking, sealed when the Monte dei Paschi di Siena group bought out the 75 per cent of the shares it did not already own in the Italian International Bank. IIB was set up in 1972 and owned in equal proportions by Banco di Napoli, Banco di Sicilia, Istituto Bancario San Paolo di Torino and Monte dei Paschi di Siena, the four oldest banks in Italy. It began with impeccable credentials — its first chairman was Lord Cobbold, an ex-Governor of the Bank of England, and among its other directors were Mr James Callaghan and Sir Charles Forte, while its top management was drawn from some of the bluest-blooded merchant banks in the City. IIB's original and quite conventional aim was designed to provide its Italian partners with a window on the whole range of consortium banking activities — foreign exchange, syndicated Eurocurrency credits, dealing on the money markets, trade financing and so on. Within a short time, however, the bank moved outside these spheres and found itself caught up with the property collapse. This resulted in hefty provisions against bad loans, and in 1977 the bank was reorganised into what the chairman felicitously termed "less time-consuming and vulnerable areas".

Last year in common with the growing international banking aspirations of many other large banks, Monte dei Paschi di Siena and the other three public charters banks which had set up IIB swapped their shareholdings

in consortium groups around the world. Banco di Napoli took charge of Luxembourg Italian Bank, Banco di Sicilia took Euramerica Finanziaria Internazionale in Rome and Istituto Bancario San Paolo di Torino ended up with Euramerica Internazionale Bank in Nassau.

These moves have come at about the same time as the strengthening of the parent banks' capital base which

some bankers feel could point to a new thrust into international banking markets. In London, Gruppo Nord and Gruppo Bankord have both opened representative offices in the past year — the first new arrivals since 1977 — and the Cariplo savings banks is shortly to upgrade its representative office to branch status.

Other banks in London are seeking to beef up their export finance side, while both IIB and Banco Nazionale del Lavoro have recently started to show increased enthusiasm for Eurocurrency syndicated loans. All in all, in London and, more particularly in New York, Italian international banking is showing a new spirit of endeavour.



London's Stock Exchange dealing room of the Italian International Bank owned by the Monte dei Paschi di Siena group

## Some Italian banks in London and New York: corporate status and approx no. of staff

	London		New York	
	Status	Staff	Status	Staff
Banca Commerciale Italiana	B	87	B	90
Banca Nazionale del Lavoro	R	5	B	19
Banco di Napoli	R	66	B	140
Banco di Roma	R	3	B	55
Banco di Sicilia	R	70	B	120
Credito Italiano	R	4	B	35
Istituto Bancario San Paolo di Torino	R	3	A	19
Italian International Bank	S	91		

\* Nov 1980 \* Feb 1981 A Agency, B Branch, R Representative office, S Subsidiary

Source: The Banker

## BANCA TOSCANA

Bank of Florence, Head Office in Florence  
Capital, reserves and other funds: Lit. 200,253,723,569

On April 29, 1981, at the Ordinary General Meeting, the shareholders of Banca Toscana approved the report for the financial year ending December 31, 1980.

The net profit of 10,963 million lire made it possible to allocate 5,648 million lire to reserves, 500 million lire to charity and to distribute dividends in the amount of 10 lire per share with a nominal value of 200 lire.

The dividend is payable from April 30, 1981 at all our branches as well as at Monte dei Paschi di Siena, Credito Commerciale and Credito Lombardo. The shareholders also appointed the new Board of Directors and the new Boards of Auditors for the three year term 1981-1983, as follows:

## BOARD OF DIRECTORS

Martino Bartolotti, Paolo Ruffini, Rodolfo Bizio, Aldo Bernocchi, Ottavio Boni, Giuseppe Caruso, Oreste Cecchi, Nino Cocchi, Giorgio Corti, Giorgio Kattila, Gianni Menghini, Enzo Meucci, Mario Montuori, Carlo Sestini, Bruno Tosi, Carlo Zini.

## BOARD OF AUDITORS

President: Mario Tassi. Members: Vito Fruchini, Antonio Di Meo, Ermanno Saggiolli, Alberto Zanni. Substitute Members: Elio Casaletti, Pio Polini.

The new Board of Directors which met after the General Meeting, reconfirmed in their positions: Martino Bartolotti, President; Rodolfo Bizio, Vice President; Carlo Zini, Managing Director.

Pyrrho Fabbri, Senior Manager, was confirmed in the position of Secretary.

CENTRAL MANAGEMENT is made up of: Central Manager: Ettore Puccinelli. Deputy Central Manager and Chief Accountant: Domenico Cecchioli. Vice Central Manager: Mario Vassini, Ilio Piccini, Olimo Allori, Giovanni Della Rosa, Orlando Progetti.

The Banking Group: Monte dei Paschi di Siena, Banca Toscana, Credito Commerciale, Credito Lombardo and Italian International Bank Ltd, administrators deposits, as of December 31, 1980, for over 25,800 billion lire. The Group's own resources total 1,221 billion lire.

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The view from Turin  
Sights are set on Singapore, California and London

by John Earle

It is tempting to ask whether there is a place in banking today for a sixteenth-century foundation of religious origin, set up to promote charitable works, which has no capital, no shareholders and a board answerable to itself.

Experience suggests that there is. Istituto Bancario San Paolo di Torino, or San Paolo Bank, as it is known, has become the sixth biggest bank in Italy. In recent years it has been shedding its provincial image of serving the north-west corner — important though that is, covering the industrial triangle of Turin, Milan and Genoa — to embark on a policy of national and international expansion.

Founded in 1563 in Turin, still its headquarters, San Paolo is one of the oldest banks in the country, second perhaps to Monte dei Paschi di Siena, which claims antecedents dating back to 1472.

San Paolo started lending in addition to dispensing charity, in order to counter the evils of usury. It still retains the legal structure of a foundation, and "capital" is provided by a consortium of 50 per cent retention of net profits each year, together with accumulated reserves.

In the complex structure of Italian Banking, San Paolo is one of the "banks of public law," none of which is a company. The others are Banca Nazionale del Lavoro, Monte dei Paschi di Siena, Credito Commerciale, Credito Lombardo and Italian International Bank Ltd, administrators deposits, as of December 31, 1980, for over 25,800 billion lire. The Group's own resources total 1,221 billion lire.

San Paolo owns 74.16 per cent of the Milan-based Banco Lariano, bought four years ago from the Montedison chemical group. Its main vehicle for expansion in the South is the Banca del Sud, a joint venture with Banco di Sicilia, this now has more than 70 branches and has spawned the first leasing company in Sicily, Sicilsud leasing.

San Paolo's board has been appointed by the Treasury Minister and by local bodies in Turin, Genoa, Milan and Rome.

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Professor Cocchioli convinced of business ability in south

With its Piedmontese mentality, San Paolo boasts a solid balance sheet, supported by net profits in 1980 which rose to 20,301m lire, compared with 14,226m lire the previous year. Its chairman, however, is a Neapolitan. Professor Luigi Cocchioli is devoting his energies to the policy of turning what used to be a regional bank into one active both nationally — particularly in the south — and internationally.

"Seventy per cent of my time is devoted to this," he says. The professor was appointed in January, 1979, for a four year term.

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In spite of Sicily's economic backwardness, Professor Cocchioli is convinced that business ability exists, open to his lack of opportunity.

However, the island will soon be offered an important opening for industrial development when a new and plentiful source of energy, Algerian methane, arrives by the Transmed pipeline late this year.

San Paolo has two branches in Germany (in Frankfurt and Munich), to which Professor Cocchioli plans to add Hamburg and an agency in New York.

Along with Monte dei Paschi, Banco di Sicilia and Banco di Napoli, it used to form the "Intesa" group which pooled certain international activities, including the Italian International Bank in London. When the Intesa was dismantled, the IIB passed to Monte dei Paschi, while San Paolo inherited the group's operations in the Bahamas and Luxembourg.

Based on these, it now has San Paolo Bank (Bahamas) of Nassau and is about to open, with Banco Lariano, Sampaolo-Lariano Bank (Luxembourg).

While New York and Nassau will serve as springboards for penetrating Latin America, Professor Cocchioli has his sights set on California, Singapore and London, where he hopes to open a full branch within a year.

San Paolo is involved in the present debate on how the Italian banking system can be modernized to respond better to the needs of both corporate and individual clients. It believes that its own structure, old-fashioned

though it may appear, is still adequate for the role it performs and does not see need for modifications to open its ownership to minority participation by the public, as is being mooted for Banca Nazionale del Lavoro.

On the other hand, it is very much alive to the problem of falling deposits. With much higher remuneration available from government bonds, the public is less and less inclined to deposit its money in banks, where the interest offered falls far below inflation. If the trend persists it may bring difficulties for some smaller and less solidly established banks.

Professor Cocchioli holds the view that a bank must offer the client a diversified range of deposit and investment instruments. He points out that San Paolo was one of the first to diversify. A year ago it launched a 200,000m lire bond issue linked to the European currency unit, thus offering a certain protection against devaluation of the lire. It was available to a wide section of the public, since the minimum purchase was one million lire. During this year, he notes, holders have seen an increase in capital value of about 16.5 per cent, in addition to receiving a 9 per cent coupon payment.

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ITALIAN BANKING AND FINANCE

# Savings giant from Milan rises from midst of small houses

by Jenny Ireland

When the Cassa di Risparmio delle Provincie Lombarde (Cariplo) upgrades its London representative office to a branch at the end of this year, it will be the first foreign branch of any savings bank in Italy. With total assets of \$29,000m, Cariplo is the largest savings bank in the Western world and it may seem curious that the Italian savings banks, which like their more aggressive German counterparts can offer full commercial services, have not made more of a mark overseas.

Cariplo is rather an anomaly among Italy's 89 savings banks. It is four times the size of its nearest rival, Cassa di Risparmio di Torino (see table), and the eight largest savings banks account for almost half of the sector's total savings deposits. Italy's fragmented regional banking system has thrown up a network of tiny savings and cooperative banks which have hampered expansion in favour of any regional banking system. In example, more than 20 savings banks compete for deposits.

much to do with its happy location in Milan. It has few savings bank competitors and its 460-odd branches are for the most part spread throughout the wealthy and highly industrialized region of Lombardy, which boasts the highest per capita income of any Italian region and contributes almost one fifth of the country's GNP.

The bank opened its first foreign representative office in Brussels in 1963 but then waited 11 years before establishing representative offices in London and then Frankfurt. New York followed last year and the bank plans to extend the network to Paris and Hong Kong by the end of 1981.

Although most savings banks now have permission to handle overseas business deposits, only a few have followed Cariplo's example. The Cassa di Risparmio di Torino, for example, has opened offices in Florence, di Genova e Imperia and di Verona, vicenza e Belluno. In the latter case, expansion in favour of any regional banking system has thrown up a network of tiny savings and cooperative banks which have hampered expansion in favour of any regional banking system.

Cariplo's growth has had Much of the blame for this

can be laid at the door of Italy's local politicians, who have tended to use the savings banks to exert political influence. One prime area is in the savings banks' allocation of funds. The banks are compelled by their charter to invest half their profits in charitable projects or worthy causes such as local hospitals, youth schemes or renovating historic buildings. The La Scala opera house in Milan, for example, is one of Cariplo's beneficiaries.

Unlike the commercial banks the savings banks can also lend long term to the local authorities without setting up long-term credit institutions. It is not surprising, therefore, that the savings banks' strong links with the local authorities and the community have made them a natural target for political manipulation, particularly in the area of board appointments.

Although the posts of president and vice-president are appointed by the Treasury minister, political rivalry and a campaign to open board appointments to more experienced bankers and

## Italy's largest savings banks (Dec 1980)

	Total assets less contra accounts \$m
Cassa di Risparmio delle Provincie Lombarde	28,592
di Torino	8,452
di Roma	7,027
per le Province Siciliane	4,888
di Verona, Vicenza e Belluno	4,568
di Firenze	4,245
di Genova e Imperia	3,937
di Bologna	3,303

Source: The Banker Top 500

industrialists had brought the appointments system to a near standstill. Delays of 10 years were not uncommon and the Cassa di Risparmio di Ferrara, for example, has had to wait 13 years for a new president.

By January this year the backlog had largely been cleared and Signor Mino Andreatta, the new Treasury minister, had managed to put through about 70 new appointments. He seems to have maintained a more or less even balance between the various parties, but he has also encouraged the appointment of more experienced bankers and

booming bourse. The small, medium-sized company, which has contributed so strongly to Italy's growth, is now courted by commercial and foreign banks alike and the savings banks are losing their monopoly.

In Italy the large companies often have as many as 25 banks to service their needs and even the smaller companies deal with five to ten banks. The banks which can handle these companies' international business often pick up their domestic custom as well, to the detriment of the savings banks.

Expansion overseas can be costly and Cariplo is proceeding cautiously. The Bank of Italy is likely to see how Cariplo fares before it grants permission to other savings banks to open foreign branches, though the Cassa di Risparmio di Torino should not have to wait too long. As they face mounting costs at home and political pressures prevent them from merging into larger, more economic units, the savings banks may have to look abroad if they are to protect their interests.

The savings banks currently hold about 20 per cent of the total deposits in the banking system but the reserves were accused of misappropriation of funds may also encourage local politicians to adopt a lower profile.

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# Whip cracks over maverick companies in taming of bourse

by Charles Kennard

Professor Guido Rossi, chairman of Italy's recently revamped National stock exchange commission, Conso, is a 50-year-old commercial lawyer with impressive qualifications. Trained at Pavia, Harvard, Bonn and Hamburg, and professor of commercial law successively at the universities of Trieste, Venice, Pavia and Milan, he combines a sharp and active mind with a persuasive manner. These are qualities much needed at Conso, where, equipped with scanty and seldom-used powers, he has the task of taming Milan's Piazza degli Affari.

After taking up his appointment in mid-February with three other new members of the five-man commission, Professor Rossi has wasted little time in stamping out of whatever steam they his authority upon a formerly supine and much derided body. In a series of early statements, he set out clearly his priorities: a wider



Professor Rossi: sharp, active, persuasive

of his chairmanship, Conso suspended or revoked the listings of more than half a dozen companies as an initial step towards improving the quality of the Milan bourse list. On a more positive note, it has also approved the admission of a previously unquoted company, the Montedison-controlled financial holding company Consob Spa, to the Milan market.

only the second new listing since 1973, and the first in less than controversial circumstances. Perhaps more important for the future, a well-timed appearance before the finance and treasury committee of the Chamber of Deputies in March prodded Parliament into strengthening Conso's institutional structure, permitting it to open a second office in Milan. Previously the commission was in the almost impossible position of trying to regulate the Milan bourse, where perhaps 90 per cent of Italian share market activity takes place, from its Rome headquarters, a purely physical separation from the market's daily activities which did as much as anything to lower its reputation in the eyes of the bourse community.

The reformist momentum has been maintained by the prosecution of more than 40

companies in the first three months of this year for alleged infractions of Italy's far from onerous disclosure and listing requirements. At the same time disciplinary action has been supplemented by positive guidance in the issue of the first in a planned series of directives and recommendations aimed at bringing corporate accounting, auditing and disclosure practices into line with the higher standards required in other European Community countries.

Guidelines issued so far have covered the independent auditing of annual accounts, and using annual meetings to improve the flow of information to minority shareholders. There are potentially revolutionary requests for companies to open their annual meetings to journalists and security analysts, and to announce full details of the names and

shareholdings of their 10 principal shareholders. These proposals, if enforced, could tear away at least the outer veil of the secrecy in which the effective controllers of many companies remain shrouded.

Another line of thought by the commission is the dissemination of information through Conso itself. One of the few clearly defined rights vested in the commission is that of receiving a half yearly financial statement from each quoted company. Legally this is provided to Conso as the controlling authority in the corporate sector, and remains confidential, but commission officials say that they are trying to persuade companies to agree to full publication.

Given the looseness of legal disclosure obligations, the obstacles to full publication are many. It will show whether Professor Rossi's commission can achieve its aim of an open, orderly and serious Italian securities market. An example of the obstacles it faces is that there are far too few trained accountants for the proper auditing of all quoted company accounts.

But at least, circumstances and the state of the market are well suited to the attempt. For the first time since it was established in 1974 the commission consists mainly of qualified and experienced professionals, rather than political appointments. For the first time, too, it has sufficient permanent staff.

Meanwhile, the market in Milan, and to a lesser extent in Rome, has demonstrated that it too needs to be taken seriously. In the past nine months, after years of neglect by investors and corporate treasurers, it has sprung to life.

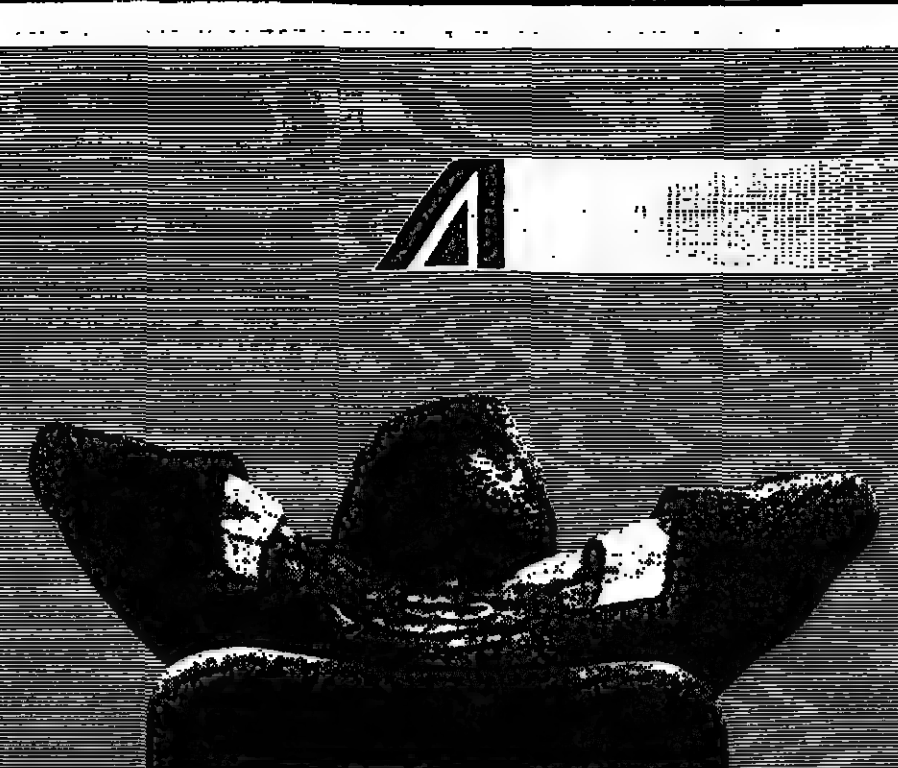
The ball was set rolling by the buying of shares in institutions with huge and conservatively valued property assets. The need for capital gains has pushed prices steadily higher, and buoyant prices have drawn into the market a flood of rights issues and convertible bond offerings from undercapitalized companies, so that it has been bubbling with activity in view issues.

Yeast has been added to the ferment by government proposals to cut public sector borrowing this year through a partial denationalization of profitable state-owned banks and industrial operations, and to direct the state's holding of almost 20 per cent in the huge, though perpetually loss-making, Montedison Chemicals group.

Milan's official share indices rose more than 100 per cent last year and a further 40 per cent in the three months to mid-May, confounding expectations of a period of consolidation. Turnover has climbed also, approaching a record daily volume of 205,000 lire, compared with about 12,000 lire a day only a year ago.

So strong has been the upward impulse that the highs continued to be recorded early in June, in spite of bouts of frantic selling triggered by the collapse of the Portland Government and the arrest on May 20 of prominent figures in the Milan financial establishment on illegal capital export charges.

In this overheated market, where tightly held shares often fluctuate by as much as 16 per cent in a single session, where insider trading and price manipulation are part of the way of life, where ordinary investors buy blindfold, and where the very concept of a new issue prospectus is unknown, Professor Rossi's commission is facing its first test. If, under his guiding hand, the market can find its way back to levels of activity without a collapse, that already would be a significant achievement.



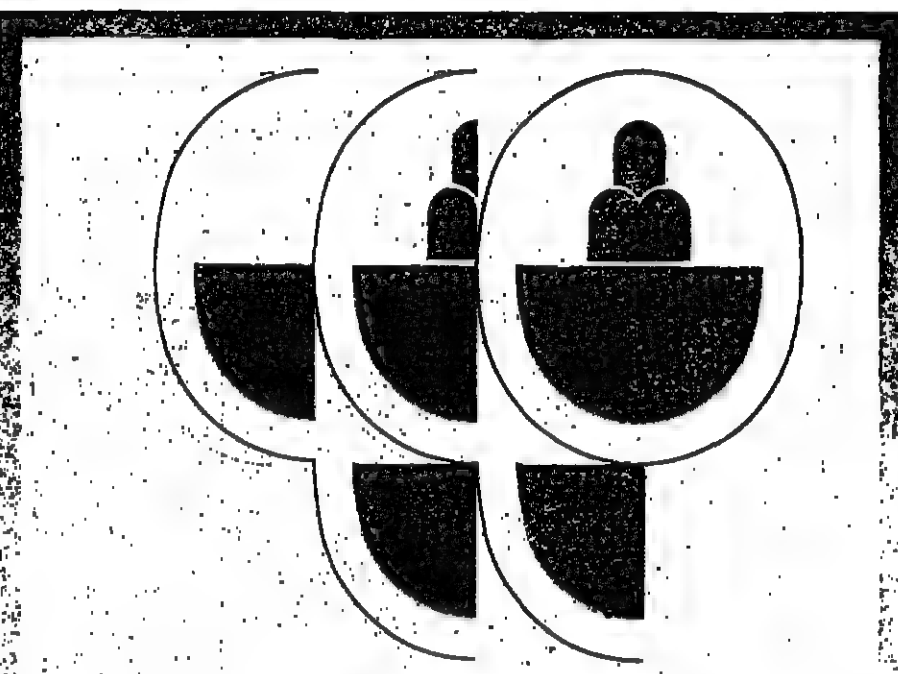
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# SAN PAOLO BANK 1980 ANNUAL REPORT AS OF 31 DECEMBER 1980

ASSETS	1979 Italian Lire in Billions	1980 Italian Lire in Billions	1980 U.S. Dollars in Millions (*)
Cash and Due from Banks	3,059.2	3,809.3	4,093.8
Securities	3,835.7	4,425.4	4,755.9
Investments in Subsidiary and Associated Companies	203.9	253.1	272.0
Loans, Advances and other Accounts	3,680.2	4,281.8	4,601.6
Mortgage Loans and other Medium and Long Term Loans	4,793.0	5,668.1	6,091.5
Total Lending	8,473.2	9,949.9	10,693.1
Premises and Equipment	182.6	226.2	243.1
Other Assets	4,279.1	4,878.7	5,243.1
TOTAL	20,033.7	23,542.6	25,301.0
Contra Accounts	18,588.9	22,493.5	24,173.6

(\*) Rate of exchange as of December 31, 1980 (1 U.S. Dollars = 930.50 Italian Lire)

LIABILITIES	1979 Italian Lire in Billions	1980 Italian Lire in Billions	1980 U.S. Dollars in Millions (*)
Deposit, Saving and Current Accounts	10,368.5	13,626.9	14,644.7
Mortgage Bonds and other Bonds	4,568.7	4,974.0	5,345.5
Total Deposits	14,937.2	18,600.9	19,990.2
Miscellaneous Funds	358.0	471.4	506.6
Other Liabilities	3,917.9	3,386.1	3,639.0
Capital Funds	806.4	1,063.9	1,143.4
Net Profit	14.2	20.3	21.8
TOTAL	20,033.7	23,542.6	25,301.0
Contra Accounts	18,588.9	22,493.5	24,173.6

As a result of its gross profits at the end of the financial year, Sanpaolo was in a position to allocate to depreciation and reserve funds more than 460 billion lire including 80 billion lire for tax provisions. From its net profit of 20.3 billion lire San Paolo allocated 8.5 billion lire to charitable, cultural and public interest undertakings. Sanpaolo's capital funds - including provision for bad debts and retained earnings - now amount to more than 1,074 billion lire.

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After achievement in these latest days, with excellent results, of the capital increase from L. 30,000 million to L. 50,000 million on which resolution had been passed at the General Meeting of Shareholders on March 26, 1981, Banco Ambrosiano's net worth amounts now to

**L. 368,980,000,000 (\*)**

of which

- Share Capital L. 50,000,000,000
- Reserves L. 318,980,000,000

Banco Ambrosiano is the leader of the most important Italian privately-owned banking group, including also several financial and insurance companies in Italy and abroad. According to the latest approved annual reports, total assets of Banco Ambrosiano Group exceeded L. 20,440,000 million (\*\*) as at December 31, 1980.

(\*) translated in US \$: 392 million (as at June 5, 1981)  
(\*\*) translated in US \$: 21,967 million (as at Dec. 31, 1980)

June, 1981



# Why public spending has gone through the roof

Cuts in one direction mean increases in another, say Gavyn Davies and David Piachaud

Mrs Thatcher won the election two years ago promising to slash public expenditure far below the planned levels she inherited from Labour. She has done precisely the opposite. Now, the sound of sharpening knives is heard again. With unemployment likely to exceed three million in the next two months, the Cabinet is deeply divided, and public expenditure is once more at the centre of controversy. Rarely has it been so important to be clear about what has actually happened. Here we shall examine the record of the past two years, and describe how and why public spending has in fact increased under the Tories.

The Labour Government's final set of public expenditure plans provided for an increase of 5.6 per cent in cost terms between 1978-9 and 1980-1. Immediately, the new Conservative Government announced cuts designed to halve this rate of increase. Yet the real level of spending has actually grown by 7.1 per cent in two years—more than the out-going Labour Administration had thought possible. Furthermore, as a proportion of gross domestic product, public expenditure has grown from 41½ per cent to 44½ per cent, a jump twice as large as that achieved throughout the period of the last Labour Government. This is surely remarkable for a government whose Manifesto announced: "The State



Mrs Thatcher: thwarted

takes too much of the nation's income; its share must be steadily reduced". No one can accuse the Government of cynically abandoning its election commitments. Sir Geoffrey Howe has spent hours in Parliament outlining packages of public expenditure "cuts". Political opprobrium has been earned from reduced pensions, lower unemployment benefits, fewer hospitals, schools and roads, and redundancies throughout the public service. But still the size of the public sector has increased. Why? The problem has been

Changes in Volume of Public Expenditure 1978-79 to 1980-81

	Final Labour Plans (Jan 1979)	Initial Conservative Plans (Nov 1979)	Estimated Outcome (March 1981)
Defence	+ 7.7%	+ 7.4%	+ 6.0%
Law and Order etc	+ 4.2%	+ 7.3%	+ 9.1%
Social Security	+ 4.9%	+ 5.9%	+ 6.1%
Education etc	+ 1.8%	+ 3.4%	+ 2.9%
Health etc	+ 3.5%	+ 1.5%	+ 1.0%
Industry, Employment etc	- 1.4%	- 12.2%	+ 10.5%
Nationalized Industries			
Lending	- 27.3%	+ 29.9%	+ 152.5%
Debt Interest	+ 9.1%	+ 9.6%	+ 50.4%

that, as fast as the Government has reduced its discretionary spending programmes, the side-effects of its overall economic strategy have pushed up expenditure in other areas. First, the payment of comparability awards to public sector workers has increased the wages bill by more than £1,000m per annum (at 1980-81 prices). Second, the decision to increase interest rates to record levels in 1979 has added more than £750m to annual debt servicing costs, which consequently have risen by 50 per cent instead of the planned 10 per cent. Third, the decision passively to accept the onset of the sharpest industrial recession this century—caused mainly by high interest rates and appreciating sterling—has led to an explosion in recession-related expenditure.

The depth of the recession is the single most important reason (more than £3,000m) for the deviation of public expenditure from the Government's original plans. Its effects have been seen in the following areas: The rise in unemployment has meant that social security expenditure has rocketed. The Treasury has estimated that each extra person unemployed costs the Exchequer £3,500 per year. Although most of this is in the form of lost taxes, the rise in unemployment has added about £1,500m to public expenditure. Employment measures and industrial support, ranging from job creation schemes to bailing out private industry, is costing about £600m a year more than was originally planned by the Conservatives; and the third area is lending to the nationalized industries—most of which has been recession-induced. It is now running at more than £1,000m a year ahead of the levels originally planned. The total cost of the comparability payments, debt

interest and recession-induced expenditure has been almost £5,000m, and this has swamped the series of discretionary cuts the Tories have introduced. As a result, total public expenditure has risen by 7.1 per cent in two years, more than twice the rate they originally planned.

Furthermore, the distribution of spending has been very different from the election priorities spelt out in 1979. In the Manifesto, more was to be spent on defence and on law and order. Less was to be spent on industry, jobs preservation and on the nationalized industries. The social services, broadly, were to be maintained as before. As the table shows, these priorities were not altogether dissimilar from the Labour Government's final set of expenditure plans—but what has actually happened has been rather different.

In the event, the largest increases in expenditure—directly contrary to the Manifesto—have been in lending to the nationalized industries, and in support for private industry and employment. Relatively little impact has been made on Labour's plans for education, health and social security—though in the last case there have been many more unemployed recipients, each receiving less in real terms.

Mrs Thatcher has found that here broad macro-economic decisions on public sec-

tor pay, interest rates and demand management have thwarted her plans both to reduce the overall level of public expenditure, and to change its composition. As fast as desirable projects have been abandoned—particularly on the capital side—the cost of mopping-up the ill-effects of the macro-strategy has burgeoned. Limbs have been amputated without any consideration of the patients' condition—an alarming example of treating the symptoms, not the disease.

Ignoring the root causes, some Conservatives clamour for more spending cuts. Yet cuts now would only add to unemployment, deepen the recession and worsen our economic plight. With capital and labour resources lying idle in every corner of the country, there is no longer a harsh choice to be faced between public and private activity. Public expenditure and private industry can advance together, or decline together—it is for the Cabinet to choose.

"We sure liberated the hell out of this place", an American soldier said in June 1944, inspecting the rubble of a Normandy village. Cabinet "wets"—if faced with demands for more cuts—must stop this happening here.

Henry Fairlie

## The issue that has Haig bogged down

Washington

Although they have the capacity to wipe out a great part of the human race tomorrow at the touch of a button, Russia and America are always finding how difficult it is for them to impose their will on actual situations in all regions of the world. One American response to this dilemma is to try to show its muscle by identifying some real or supposed enemy which it can successfully combat by limited and even unconventional means.

There are particular reasons why the present Administration, in the first week in which it took office, proclaimed that terrorists were just such an enemy. But one must realize that it is also not peculiar in saying so. In the message to Congress which accompanied his first defence budget in 1961, John F. Kennedy was doing exactly the same when he placed his emphasis on fighting "subversion and guerrilla warfare".

President Kennedy was obsessed by guerrillas and the need for United States counter-insurgency forces to resist them. The experienced chairman of the Senate Armed Services Committee at the time, Richard B. Russell, tried to deflect the excited talk when he said that he associated guerrillas with bushwackers on television. They were "on the side against" the Boy Scouts on the side of purity and justice."

The Marine Corps Gazette in January 1962 gave warning that "guerrilla warfare can only be efficient if it is backed by a fanatical aggressive psychology"; and a sceptical British observer suggested that, before they created the Special Forces, every member of the Kennedy Administration should read W. E. D. Allen's account of Orde Wingate's irregular campaign in Eritrea and Abyssinia, in which he had served. But Kennedy formed the Green Berets.

In spite of the leadership of John Wayne, the Green Berets have not left a heroic reputation. Their conduct in action often recalled Allen's description of Wingate's guerrillas: "undisciplined... easily excited... the young and keen, the stale and restless; the old jags" and "lean, snarling Wingates" himself, who once complained that he had been "given nothing but sick camels and the scum of the cavalry division".

It was Kennedy's obsession with counter-insurgency which took American forces into Vietnam. When President Reagan and his Secretary of State, during their first week in office, placed so much emphasis on the defeat of terrorism, many detected the same misplaced zeal, and wondered what they had in mind.

When the National Security Council met for the first time five days after the inauguration, terrorism was at the head of the agenda. Although no specific decisions were reached, Mr Alexander Haig minced no words in his first report when he accused the Soviet Union of "training, funding and equipping" the forces of terrorism. It was also then that he said that terrorism would replace human rights as a touchstone for determining the foreign policy of the country.

The alarm created by this speech still entangles him. Various government agencies have been pressed for almost six months now to ferret out some evidence to support the United States' most disturbing fact in this is that Mr William J. Casey, the director of the CIA, has been questioning the conclusions of his own agency, because they do not support the Administration's case.

He rejected a first report from his own experts and sent them away to write another. He also asked for a report from the Intelligence Agency at the Department of Defence, and

rejected it for the same reasons. When the CIA experts presented their second report, they tried to meet his objections by saying that Russia is, of course, involved in liberation movements, but that there is no evidence that it supports terrorism. Mr Casey's conduct is troubling because one of the little publicized facts about the Vietnam War is that the CIA was more right in its intelligence, its estimates and its predictions than any other civilian or military agency, responsible for advising Kennedy and Lyndon Johnson. They ignored its reports. The Director of the CIA should protect his intelligence operation against the demands of the White House.

Walter Laqueur, a formidable commentator on foreign and defence policy, has said: "Haig seems to make terrorism synonymous with all forms of political violence. One should be a bit more careful... combating terrorism is a global problem. It is not a problem for the foreign minister of a global power." Terrorism simply ought not to be the focus of American foreign policy.

Some members of the Administration hoped that the CIA's "Terror Network" would support their case against the Soviet Union on this issue. But the book has not been well received here by serious and informed people. The very manner in which the CIA's evidence—saying that it is least informed and most timid of any intelligence service on this issue—is taken rather as proof of her own weak case.

Even from the point of view of dealing with the terrorism itself, the fiction of Russian involvement is a distraction which underestimates the extent and so the danger of the real problem—something which many people are pointing out here. The truth is that the Secretary of State, backed by his President, jumped into a bog on this issue, and he still has not got out of it. All one can see is his head and raised arms.

The early avowal that terrorism would replace human rights as the focus of foreign policy is an even wider question. It ought to be dealt with separately, but it is relevant here that the Administration's attempt to distinguish between "authoritarian" and "totalitarian" regimes is getting into more difficulties than it expected and more than such an elaborate distinction is worth in the real world. Even if it must be the fact that in many parts of the world, where the United States is involved, terrorism is a response to the terror of established regimes. For example, the backward questions have been asked here about the involvement of the Chilean Government—which the United States befriends—in the murder in Washington itself of one of its opponents, Orlando Letelier.

The concern with terrorism has reflected two impulses in the Administration. It thought that it had another stick with which to beat the Soviet Union. But as with the guerrilla two decades ago, the terrorist also is a romantic figure, with whom one can have a sense of individual combat. The guerrilla to Kennedy was an existential hero, and the terrorist has seemed to this Administration a convenient replacement.

As someone here has wisely pointed out, the Russian leaders must make them suspect and detest the terrorist, with his romantic individualism and haphazard methods. But there is something in this which has trapped the contemptuous of the drill of the redcoats, which is fascinated by such individual actors. From the days of the Minutemen, that has been how to fight. It has been this temptation which has trapped the Reagan Administration.

When the comedian Tommy Trinder was recently asked to appear in Miami, he was asked for clippings and references to prove that he was who he said he was. "I don't have many clippings," says Trinder. "I mean, you only keep the good ones, don't you?" But his letter to the Miami Herald's references fitted the bill nicely.

"I don't have to come to Miami to get mugged, you know," he wrote. "I can go to Britain. Frank Sinatra will mugged for me; and Bob Hope. And a young lad I served with in the film at Ealing just after the war. I don't know what's happened to him. Name of Ronnie Reagan."

Home cooking  
Les Frères Roux, Albert et Michel, who already dominate the world of haute cuisine in Britain, are now set to re-invent their native France. At the champagne and quality edge party to celebrate the opening of the brothers' new Le Gavroche restaurant, in a tastefully decorated basement close to the American embassy in Mayfair, I learned that they have also just completed the purchase of the Chateau de Montreuil, one of the best known restaurants in the north of France.

Peter Watson

## Names make news

So Mr Roy Jenkins has failed in his attempt to confuse the electorate of Warrington. Not the Mr Jenkins, the famous one, but the Mr Jenkins the man who paid 50p to change his name by deed poll so that he could snitch a few extra votes from the other Roy.

Now, of course, the poor man finds himself saddled with being called Roy Jenkins, which will no doubt make him the object of derision in some quarters, but will also enable him to get a table near the window in the smart restaurant of his choice.

When he tires of that, he can pay another 50p to change his name to Shirley Williams, and get a bad table at a crummy restaurant.

So advanced is the freedom of the individual in Britain that any adult can change his or her name to any other, without the need to give reasons or to be vetted by any authority. Only if the change is made for a fraudulent motive is the official eyebrow raised, but even then the deception will probably not become known until after the name has been changed.

Changing the name of a child is a little more complicated. The issue often arises when the mother after divorcing the child's father, goes to live with or marries another man and wants to change the child's name to match that of his new partner's. Normally, this cannot be done without the consent of the father or, if he refuses to allow it, by order of a court, which will see the child's interests as more important than the parents' will be or the feel more secure having the same name as the rest of the new family or is it more important for the child to retain the name link with its natural father?

It is not even necessary to change the name formally. There is nothing to stop people using any name they choose, or using different names for different purposes, without needing to go through any legal steps.

Difficulties arise only when they come into contact with

officialdom, applying for social security, or for a passport, or coming into contact with the police, for instance.

But to call yourself Mrs James so that people will believe you are married to Mr James is perfectly in order. Provided, of course, you are not doing so for a fraudulent purpose.

Another informal way of changing name is to put an advertisement in the local paper. That too, will probably be enough for certain legal purposes, but it will serve notice on the local community that the new name is being used.

Most people who are serious about it change their name by deed poll, or by signing a statutory declaration. There is virtually no name that cannot be adopted. The majority change their names either because, unmarried, they want to be known by the surname of the person they are living with (and men make this change as well as women), because their existing name is an embarrassment to them or because of its (usually Polish) unpronounceability and impossible spelling.

But the motive can be more bizarre. Mr Francis Reynolds changed his name to Mr Whatissname to embarrass a campaign by the Law Society to try to get people to take legal advice from solicitors, and not from the legally ignorant "Whatissnames" they met in the street.

In the United States feminism has instigated a number of changes from Ms Cooperman to Ms Cooperman and the like, though a Minneapolis court refused to allow a change to a four digit number. There is, in law, nothing to stop a change to a rude or offensive name (....), for example, or to a pretended title or to the name of a famous person (assuming the name is not used dishonestly to obtain some financial benefit).

The deed poll is a slightly more complicated document than the statutory declaration, though the legal validity is no greater, and there is a procedure which allows a deed poll to be "enrolled" in the central office of the Supreme Court. This does not confer any added legal validity to the change of name but the copy of the enrolled document you get looks impressive.

Marcel Berlins  
Legal Correspondent

Frank Johnson

## Warrington's great unknown



Mr Hoyle: a sort of Alf Garnett of the left.

"Mr Douglas Hoyle... talked himself out of Westminster with a torrent of extremist views which even some Labour people could not, in the end, stomach." Thus an editorial in the *Warrington Leader* after the defeat at Nelson and Colne in the last general election of the present Labour candidate at Warrington.

Actually, Mr Hoyle did not talk himself out of anywhere at all. He was a victim of the general mood against Labour, as was the non-extreme Mrs Shirley Williams in the south. But the editorial is a reminder that an MP, no matter how obscure at Westminster, can plausibly cut a dash as an important man back home.

Among the establishment of the constituency he has represented—the mayors, bank managers, local paper editors, union officials and Rotarians—he is a well-known and respected figure. It is thought that what he says counts at an election. His views are sought or disputed.

To visitors from the metropolis, this sort of fame may not seem to be fame at all—fame being the sort of thing possessed by Mr Roy Jenkins, a member of the world's chancelleries and being asked by Dr Kissinger if you fear an increasing world bipolarity or the reverse as the case may be. But a back bench MP is no less an MP, and Mr Hoyle is no less an MP, though he has to settle for a smaller, less political, fame being the sort of thing possessed by Mr Roy Jenkins, a member of the world's chancelleries and being asked by Dr Kissinger if you fear an increasing world bipolarity or the reverse as the case may be.

Mr Hoyle has turned 50. It was already clear in the last Parliament that he would never hold much of an office. Yet, he has found a way to get back. For it is no mean thing to have your belief discussed by the *Nelson Leader*.

Mr Hoyle is a more typical politician than those you see on television. Around him, a web of different types of party is on display. "When did we first meet?" The 1951 general election, says his wife, Pauline. "We both lived in Addington, you know, near Chobury. We were passing for Clifford Keenan of course."

The name means next to nothing. But no doubt Clifford Keenan has his triumphs and tragedies. There are more

Hoyle and Kenyons than Roy Jenkins, and where is Mr Jenkins' pomp now, here in Warrington? It is little Mr Hoyle, in his pinstripe suit and unfashionable small moustache, who is the Colossus in this contest, not he who not long ago was, like Charlemagne, leader of all Europe—or thought by some to be so.

The historian Namier filled his vast masterpiece on *The Structure of Politics at the Accession of George III* with the Hoyles of the period, the unfamous MPs. Understand them and you understand the era, he claimed. I am not so sure. None the less, some future Namier can be expected to discover that Mr Hoyle's father was a Co-op grocery shop assistant, that today's candidate had an elementary education and no university, that he had an engineering apprenticeship.

He is, then, of good Labour lineage, though not of the deepest purple, for he moved from being an engineer, and thus a member of the working class, to a petty bourgeois in sales and thus became quite a figure in the white collar Association of Scientific, Technical and Managerial Staffs.

In Mr Hoyle's career are reproduced, on a Lilliputian scale, the strategies and ploys used by the grander figures the world over to rise in politics.

He seems to be a master of one of the first political arts: The ability to keep an ideological line, so that you always have allies, while remaining capable of sounding moderate at vital moments such as elections.

But there is a cynical understanding of the people too. Mr Jenkins grandiosely challenges him to state if he is for Mr Benn or Mr Healey. He meets the problem by refusing to answer, knowing that the Labour voters of Warrington do not care. "But people on the doorstep are asking which one you support," we assure him (truthfully) at his morning press conferences in an effort to smoke him out. "No they're not," he replies.

Whereupon his helper, Mr John Evans, MP for Newton-le-Willows, an equally realistic and no-nonsense man, is talking to a pretty sophisticated electorate—and a different one.

But no one can be entirely a cautious man of the machine.

Mr Hoyle has passions like all of us. These were the outbursts which that local paper was talking about. At times he is a sort of left-wing Alf Garnett. End of the job of these grandiose denunciations, says the headline on an article of his in the *Morning Star* in 1976, demanding abolition of the Lords.

The same paper quoted him the same year as denouncing "these bells angels in Rolls Royces"—the rich who would prevent a socialist transformation of society.

He is reported to have described the Queen Mother as a hanger on and in 1975 praised the *Morning Star* for "giving us the story of the working people's struggle for a progressive society all over the world."

Some of all this is no doubt evidence of the real Mr Hoyle. Some of it was probably necessitated by the imminence of some union election or other. Much of it, like the one about the Queen Mother, he simply denies. "A lovely woman," he assures us. He is hugely polite and affable, but slightly suspicious. He knows that we know he is rather more left-wing than he now says.

Asked what he has done since he lost his seat in 1973, he says "I've had a consultancy. I've also been director of Labour Friends of Israel, a part-time salaried job."

Isn't Jan Mikardo, another ASMS man, also involved there? "Ah, trying to establish a link, eh?" says Mr Hoyle, smilingly adding that he is only joking. His critics point out that he got on to Labour's executive in 1978 in succession to a hardline left-winger who had died. These things are never accidental, they darkly add.

None of it seems to matter electorally. "Hallo, just passing through. Thought I'd shake hands," he says to a worker, Mr Gordon Whitaker, as he bustles through the British Aluminium factory. Asked his opinion of Mr Hoyle, Mr Whitaker says he will vote for him. Why? "Because he's Labour."

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## Transparent case of transferred epithet?

One of the silliest misunderstandings of the year has just been brought to my attention. The Rt Rev Mervyn Stockwood, the former bishop of Southwark, is so upset by a suggestion in the *Daily Telegraph* that he wore "gaiters" and "vestments" at a meeting of the Anglican Church's General Synod, that he is taking the newspaper to the Press Council.

The bishop is equally angry about an allegation that he also decided church-goers who pray for the Queen.

Several solicitors' letters have been exchanged but the bishop has decided to go to the Press Council because the *Daily Telegraph* refuses to apologise for the alleged inaccuracies in the article by David Martin, Professor of Sociology at the LSE. (It did publish a letter from the bishop's solicitor.)

Martin's article defended the retention of the seventeenth century Book of Common Prayer and criticized the new liturgy as exemplified by the Alternative Service Book. The disagreement revolves firstly around whether Martin's description of Stockwood at the General Synod, resplendent in relevant gaiters and gorgeous contemporary vestments, should be interpreted literally or metaphorically; and around the interpretation of parts of the bishop's address to the assembly.

Martin wrote that Stockwood

"took the opportunity to deride some of those who pray for the Queen on the ground that they barely know the difference between Bodicea and Elizabeth II."

In their letter the bishop's solicitors say he "has never worn gaiters throughout his episcopal life. Furthermore, he would not have been wearing vestments at a meeting of the General Synod. He was in fact wearing a suit and collar."

They add that the bishop—far from deriding those who pray for the Queen—regularly includes prayers for the Queen in his devotions by day.

Martin says his account of the remarks in question is "entirely correct."

On the matter of the bishop's clothes he has this to say: "I assume that the Bishop, and maybe even his lawyers, are aware of the device known as the transferred epithet... They will also know that a bishop cannot be seen to wear gaiters and vestments simultaneously. Only extremely avant-garde see-through vestments permit the exciting glimpse of an episcopal gaiter. *Daily Telegraph* readers are probably also sufficiently informed about the ways of the world to know that Synods are not populated by vested bishops, with or without gaiters any more than peers of the realm debate affairs wearing their coronets and ermine."

The Press Council will hear the complaint on October 6.

## Beating time

James Galway, the Irish flautist, put Chautauqua on the map last week. The town (if that's not too

## THE TIMES DIARY

It can give you a cold, a cough, a bad back, diarrhoea. It can cause nausea, migraine and chest pains reminiscent of a heart attack. Don't whisper it to Prince Charles or Lady Diana but the American Association for Marriage and Family Therapy has now identified a disease known as "weddingitis". Apparently all sorts of ailments begin to afflict married

couples about a month before the so-called happy day. One young woman became allergic to her decorator; another was convinced that the rash she developed was due to a white wedding dress having an adverse reaction on her skin.

The official title of the illness is "pre-marital upper respiratory or lower gastric distress", with occasional complications. The patient's chief fear? "You lose your New York Specialist, it is that they will have to make a quick exit during the ceremony."

long a word for the tiny hamlet in up-state New York) boasts a music festival and when he appeared there at the beginning of the week, Galway set the audiences buzzing by playing the Flight of the Bumblebee in 52.45 seconds—and then challenged the brass section of the Canadian orchestra, who also appeared at the festival, to beat his time.

The Canadians took up his challenge the next night but were at a disadvantage according to Chuck Daellenback, their tuba player. "Not only is my instrument unwieldy," he said, "but half-way through, my hand gets cramped, and Ronnie Romm, our trumpeter, must continue the fingering while I continue to blow." At their first attempt the Canadians could only manage 60.05 seconds.

Since then they have got their time down to 55 seconds flat and are still improving. So much so that they now feel confident enough to challenge Galway to a nationally televised contest to settle what is inevitably being called The Fight of the Bumblebees.

## A taste of honey

There are, it appears, three common ways to flatter people. This emerges from readers' letters sent in response to my offer of a bottle of Bollinger for the best example of irresistible flattery.

Before I get to the examples, I should thank the hundreds of readers who so kindly sent in entries. The offerings were so good that I shall not be able to give all the best examples today. Here is a taste: we shall come back to the winners tomorrow.

6.6's're thinking of taking a holiday in Northern Irelandy



First, the common ploy. A great number of men, it seems, on meeting a beautiful woman, invite her into the garden on the grounds that: "I should like my roses to see you."

Scores of people wrote in with one version or another of a letter written by a Bengali clerk to his English employer (this was during the Raj) requesting an advance of pay. The letter ended "...and if your honour will but grant my request, I will ever pray to the Lord Jesus Christ, whom you greatly resemble..."

A third technique seems confined

to the film industry: several people in the business wrote in along the lines of Arthur Ables, of Filmakers Ltd. "The lights go up in the projection room where you've spent the last two and a half hours looking at one of the best films you have ever seen. Beside you sits the producer, bursting with pride, and waiting to hear your words of praise. You turn to him and say, in a voice full of emotion: 'Sam, you old rascal, you've done it again!'"

Half a dozen juicy examples tomorrow, including the winner, but for today I can resist this, sent in by John Russell from Crewkerne in Somerset. It is John Sparrow's threnody on Maurice Bowra:

"Without you, Heaven would be too dull to bear, And Hell will not be Hell if you are there."

## Concorde close-up

Concorde normally cruises out of sight at between 50 and 60,000 feet at twice the speed of sound—1,400 miles per hour and more. In September residents of the Isle of Wight will have an unusual opportunity to get a good look at the plane: it will circle the Solent at only 340 miles an hour at an altitude of only 2,000 feet.

The flight (or flights—there may be two) is being staged to commemorate the 50th anniversary of the Jacques Schneider sea plane race which was last held in 1931. Christopher Orlebar, himself a Concorde pilot with British Airways, is currently making bookings at £25 a seat for the one-hour and 45-minute trip.

He is prepared to risk more than £20,000 hiring Concorde to commemorate the memory of his cousin, squadron leader Harry Orlebar, who captained the British team in the 1929 and 1931 races and won the air speed record in 1929.

## Reagan reference

When the comedian Tommy Trinder was recently asked to appear in Miami, he was asked for clippings and references to prove that he was who he said he was. "I don't have many clippings," says Trinder. "I mean, you only keep the good ones, don't you?" But his letter to the Miami Herald's references fitted the bill nicely.

"I don't have to come to Miami to get mugged, you know," he wrote. "I can go to Britain. Frank Sinatra will mugged for me; and Bob Hope. And a young lad I served with in the film at Ealing just after the war. I don't know what's happened to him. Name of Ronnie Reagan."

## Home cooking

Les Frères Roux, Albert et Michel, who already dominate the world of haute cuisine in Britain, are now set to re-invent their native France. At the champagne and quality edge party to celebrate the opening of the brothers' new Le Gavroche restaurant, in a tastefully decorated basement close to the American embassy in Mayfair, I learned that they have also just completed the purchase of the Chateau de Montreuil, one of the best known restaurants in the north of France.

Peter Watson





P.O. Box 7, 200 Gray's Inn Road, London WC1X 8EZ. Telephone: 01-837 1234

## THE PRICE OF FLOATING

The Bank of England's actions in pushing up interest rates are a classic example of the wrong measures at the wrong time. Behind the talk of a greater reliance on market forces lies an old-fashioned policy of raising interest rates to prop up the pound.

It is a debatable question whether the over-valuation of sterling or excessively high interest rates have caused British industry most suffering. What is quite certain is that the combination of the two is lethal. Throughout last year, the Government blithely asserted that its policy for sterling was to have no policy. Because of that abdication of responsibility, sterling was allowed to go to absurdly high levels. The pound has fallen this year but when the foreign exchange markets started bringing sterling down to a more realistic level against the dollar last week, the Bank and the Government took fright.

There can be no doubt that Monday's rise in interest rates was deliberately engineered. Although the money markets

began the process by putting up interest rates for long periods, it was the Bank of England's decision to charge penal rates for short term money which changed the pattern of demand. But the money markets put up interest rates in the first place only because they thought that the Government wanted that to happen to prop up sterling.

The Government obviously feels that raising interest rates in this way is less embarrassing than it would be to announce an increase in Minimum Lending Rate, with its overtones of top-hatted brokers rushing to announce a Bank Rate crisis. But the effect is just the same. Money is dearer to borrow.

There is no excuse for this. The latest figures show that the money supply probably fell last month if the effects of the Civil Service strike are allowed for. Activity remains depressed in spite of the springtime competition among Ministers to see the first signs of recovery. Interest rates are high to keep sterling high.

The only reason for holding up the pound is that allowing it to fall will push up prices. The Government naturally wants to get inflation down as fast as it can, but it has a special worry at the moment which may go some way to explain its action. This is the next pay round, which is just about to begin. The Government fears that higher pay will be demanded in expectation of the rise in shop prices following a fall in sterling. The Government will be right to argue that no rise in pay is justified in the light of the unearned rise in real wages which has accrued in the years of the inflated pound. But it has only itself to blame for its predicament. Not having a policy for sterling means, in the end, not having a policy for inflation or for industrial growth. It is doubtful if a sensible exchange rate policy can be maintained unilaterally. It requires international co-operation; but this is another area where the ideology of doing nothing monetarism has discouraged practical action.

## A NEW PRIMATE FOR POLAND

The Church in Poland has played a key role in holding the nation together through the turbulence of the past twelve months. It has negotiated with the Government, advised Solidarity and given the population the confidence to press their demands without violence. It has been able to do this because of the authority accumulated through more than a thousand years of Polish history. This authority has now passed from the formidable and experienced hands of the late Cardinal Wyszyński to the relatively young and untried Józef Glemp, whom the Pope had appointed Archbishop of Warsaw and Gniezno after only two years as bishop of Warmie.

In spite of his inexperience, Archbishop Glemp starts with many advantages. As a relative newcomer to the episcopate, he is not associated with any faction. In all probability he was the nominee of Cardinal Wyszyński, whose personal secretary he was for a number of years. In any case he will be regarded as in direct line of descent for the Pope has obviously decided to avoid experiments and opt for continuity in this critical period of Polish history. Archbishop Glemp is, like his predecessor, a man of strong faith and strong patriotism, deeply conscious of the Church's role as custodian of the nation's integrity through transitory political vicissitudes.

Being the son of a miner,

and belonging to a younger generation, he is probably closer to the new urban working class, whereas Cardinal Wyszyński, whose roots were among the peasants, had consciously to adapt (with great success, it should be said) to the new demands of a growing urban population. But Archbishop Glemp has already endorsed the Church's existing attitude towards Solidarity, which is that priests should not become directly involved in the new trade union but should give it moral and spiritual backing, especially since most of its members are also members of the Church.

It is still not entirely clear whether Archbishop Glemp will follow tradition in being elected Chairman of the bishops' conference. Some bishops, infected perhaps by the surge of national feeling against established authority, have been tempted by the idea of splitting the functions of the primate from those of administrative head of the Polish Church. They do not want to re-create a figure with quite the formidable authority of Cardinal Wyszyński. Others believe that in such difficult times the primate cannot have too much authority.

Whatever is decided, the position of primate will remain a uniquely powerful because of its roots in Polish history. When Mieszko I married a Christian princess from Bohemia in 966 he tied Poland to

the Church of Rome. His son and successor, Bolesław the Brave, persuaded the Pope to raise the diocese of Gniezno an archbishopric. This is why the primate of Poland is always the archbishop of Gniezno. Poland then became a sovereign state with its church directly linked to Rome, so that its national identity was forged in centuries of conflict with Protestant Germany and Orthodox Russia. The Church became identified with the nation, especially through periods when the Polish state ceased to exist. The primate became by tradition the interrex who ruled the country between the death of one king and the coronation of the next.

In a sense Cardinal Wyszyński resumed this function when the leaders of socialist Poland found themselves almost without power in the country they are supposed to rule. If the Church gave them a helping hand it was not to save socialism but to save the nation from a worse fate. The help was not given unconditionally. The Church has now established itself as an indispensable partner in any decisions involving the fate of the nation. If things go well the new primate will not have to fight the battles which his predecessor fought, nor suffer like him in prison, but his responsibility for the nation will be if anything even greater.

## GROUNDS FOR REMARRIAGE

Ten years ago the Church of England's Commission on the Christian Doctrine of Marriage suggested that divorced persons should be allowed to remarry in church subject to certain conditions. But it has taken until yesterday for the General Synod to accept this principle. It is perhaps understandable that the Church should have hesitated over a change of such consequence, but yesterday's decision is surely the right one.

The Church has been rightly concerned not to cheapen the marriage vows, or to be thought to condone a nonchalant attitude towards divorce. But marriages do break down to the point where it becomes impossible for all the vows to be fulfilled. The deserted wife can hardly be expected to love and cherish the man who refuses to live with her. She can continue to forsake all others, but to insist upon that promise alone being kept would be to place all the emphasis upon the negative aspects of marriage.

It is reasonable for divorce to be accepted by the Church as well as by the law when a

marriage has failed beyond any hope of repair. Divorce is not then the cause of that failure: it is the legal acknowledgment of it. Indeed, it was an earlier report published by the Church of England, *Putting Asunder*, 1966, which recommended that the irretrievable breakdown of marriage should replace the matrimonial offence as the criterion for divorce. It was this report which paved the way to the Act of 1969, though the reform of the law only imperfectly implemented the thinking in the report.

It is more widely accepted these days that it is not so easy to attribute blame for the failure of a marriage to one or other party. It usually involved much sadness and suffering, and a measure of sin on both sides. But it is not the task of the Church to minister only to those who are without sin. The fact that a marriage has failed does not prove that the vows were not taken sincerely in the first place. Nor does it mean that promises will be made any less seriously in entering a second marriage.

It is the function of the Church to encourage its members in every aspect of their lives to try, try and try again. The question at issue in this instance is whether that principle is to be applied in the case of second marriages. Is the Church to give its full help to those who have decided to set off again down a path that can bring much joy but is often not easy? The General Synod has decided in principle that it should. That is the more generous and constructive approach. Now there is to be a report from the Synod's standing committee on a range of procedures for cases where it is appropriate for a divorced person to marry in church during a former partner's lifetime. Specific changes in the existing regulations of Convocations will await consideration by the Synod of that report. Such a measured approach may be reasonable, but it is important that action should not be long delayed. Above all, the spirit of yesterday's decision must not be applied in a niggling and restrictive fashion.

## Cut in film quota

From Mr Michael Relph  
Sir, In yielding to the pressure from exhibitors and reducing the annual quota of British films that cinemas must show from 30 per cent to 15 per cent the Government has been totally misled.

The quota does not force cinemas to play unsuccessful British films. Most of the time they show films that lose money anyway. Their profits arise from the few blockbusters which will be played, in any case by the American, British or any other nationality.

What is at stake is the booking of the less successful British films which may, nevertheless, be of real quality and interest, and if made on low budgets can provide modest profit for their producers. If the curcuts are not compelled to fulfil a sufficient quota of British product these films will be elbowed out by the mediocre product from the powerful American distributors.

The suggestion that the quota is now in any case ineffective because it must include EEC films

is a red herring. Continental films, including sex films, are not acceptable to the wide commercial British audience and are only shown in specialized cinemas which have always claimed exemption from the quota in any case.

What Mrs Oppenheimer has done by reducing the quota is to remove the last incentive for the big circuit owning combines to invest in British production and she has put another nail in the coffin of our native industry.

Yours faithfully,  
MICHAEL RELPH, Producer,  
Kendon Films Ltd,  
8 Berwick Street, W1,  
July 2.

## Church treasures

From the Librarian of the Goldsmiths' Company  
Sir, Canon Sharpe (June 27) poses the question whether parishes are being conned by specialists into centralising treasures for their own convenience. The answer is firmly in the negative. The Goldsmiths' Company, who have supplied the major proportion of funds for

benefited, apart from the goodwill and friendship of the many volunteers who run them, and perhaps the appreciation of the public.

He has missed the point. There is no compulsion to deposit plate in the treasuries. If any parish is willing to bear the cost of insurance, install sufficient security measures and take the risk of keeping its treasures and using them regularly, all well and good. However, many parishes are not, and their only solution has been to store the plate in bank vaults where it was quite unsafe.

Surely this is not fulfilling the wishes of the original donors? If the silver is on display in a treasury it alleviates the burden of insurance and removes the ever-increasing risk of theft. It has always been the policy to encourage parishes to collect their pieces for their parochial festival or any other special occasions. Where this has been done it has resulted in a far greater appreciation by the parishes, who have come to realise that their church owns special treasures whose value had gone unnoticed in the past.

SUSAN M. HARE,  
Goldsmiths' Hall,  
Foster Lane, EC2,  
June 29.

## Curbing strikers' immunities

From the Director General of the Engineering Employers' Federation  
Sir, I appreciated your Labour Editor's critical and informed analysis (July 1) of the dilemmas facing the Secretary of State for Employment in the wake of the Green Paper on trade union immunities. I believe that Mr Prior will not have too much difficulty in "forming a realistic view of the fundamental priorities underlying some of the more optimistic flights of fancy in the written evidence".

However, some of Mr Prior's more forceful, but usually less well-considered, suggestions may try to express him towards more extreme action than would now be wise or indeed effective. We sympathise with the sincere and well-meaning ideology on which some of the more belligerent proposals are based, but we see much of it as remote from industrial reality, irrelevant to the improvement of Britain's industrial performance and unnecessarily provocative.

In our response, we have put forward a concept which we believe will lead immediately to a better balance and greater stability in industrial relations. We suggest that employers should have the right to lay off employees without pay when a strike action is organized against them. Such a measure should cause individuals, when thinking of striking, to reflect very deeply not only upon the damage they will be doing to their own employer (and often to the defenceless general public) but to the discomfort in which they risk placing fellow employees not involved in the dispute.

This will forcefully bring home to many the disproportionate damage done by selfish strikes; it will partly protect the employers' financial interests and make the tendency to "strike first and ask afterwards" less attractive.

Underlying all the responses to the Green Paper lies concern about future political action. Is there any hope of all-party recognition of the problems we face in industrial relations and of working to build a better future for the whole country?

Trade union immunities have historical origins which have little relevance today. But the fierce conservatism and the reactionary attitudes which surround British organized labour have ensured that industrial relations laws introduced by one government are regularly repealed by the next. This is a costly, destructive and unproductive cycle.

It is perhaps the biggest reason for our continuing and steady economic and industrial decline, the responsibility for which must be shared by those who clamour for stringent and provocative anti-union measures when they have the power, and by the others who unthinkingly repeal even the most modest and constructive of labour laws.

I have the honour to be, Sir, Your obedient servant,  
ANTHONY FRODSHAM  
Engineering Employers' Federation,  
Brookway House,  
Tollith Street, SW1,  
July 6.

## Voice abroad

From the Director General of Oxfam

Sir, With Britain's general prestige among many groups of poor people all over the world steadily slipping from bad to worse, due to our poor aid performance and our still lukewarm position over the Brandt report and the like, it comes as a further blow to learn of the proposed curbs on the use of Oxfam's funds for overseas work.

Oxfam's field staff in these and many other areas of the world know of the high regard in which the BBC's news reporting is held by millions of listeners. It would seem to be incredibly shortsighted for our Government to make marginal financial savings in an area of considerable interest and good will to all concerned, and we would add our voice to those who have already started to press the Government to change its mind.

Yours sincerely,  
BRIAN WALKER,  
Director General,  
Oxfam,  
274 Banbury Road,  
Oxford,  
July 1.

## Man trouble

From Dr Alan Bullock  
Sir, Having recently acted as one of the two linguistic advisers on things-Italian for a production of a play by Dario Fo at the Leeds Playhouse, I should like to avail myself of the courtesy of your columns to correct an error in Mr Irving Wardle's interesting review of Fo's *One Woman*. Plays in today's *Times* (June 29) are given the theme of these plays is undoubtedly the horrors of "machismo" as Mr Wardle eloquently describes, the term itself is not of course, Italian, but Spanish, and it is thus incorrect to define Italy as the country "which gave the word" to a grateful world.

An Italian MCP is normally referred to as *un machista*, and his philosophy (?) described by the derivative *machismo* (for *planético* reasons), or occasionally *scavismo* (*sessuale*) (likewise).

Since the species and its characteristics are widely distributed throughout the country at all levels of society it might be just as well for non-Italians to be familiar with the correct terminology.

Yours faithfully,  
ALAN BULLOCK,  
Department of Italian Language and Literature,  
University of Leeds,  
June 28.

## Implications of inner-city rioting

From the President of the British Society for Social Responsibility in Science

Sir, The use of CS gas in Liverpool should not pass without comment from socially concerned scientists. For many years the "English have lived with the idea that such weapons are suitable for use beyond our shores. Now, unfortunately, citizens of England are being exposed to CS on our own streets.

What will all this lead? What will be the consequences of the escalation of violence? Experience in Ulster does not encourage us to believe that social ills can be cured by treating the symptoms of the illness with force. In a similar way attempts to relieve international tension by building up science-based weaponry have not been encouraging.

Science does not help to solve social problems by producing new devices for suppression or terrorism. Instead, science can help by the example of its community spirit and its ideal of free, persistent inquiry. This example should encourage us to look calmly and attentively at the problems of the modern world and to seek solutions in terms of human understanding and cooperation.

Yours faithfully,  
MAURICE WILKINS, President,  
British Society for Social Responsibility in Science,  
9 Pond Street, W1,  
July 7.

## From Mrs Vivian Noakes

Sir, Before Freud responsibility for all shortcomings fell, often unjustly, upon the miscreant. We now know that such shortcomings often grow from maltreatment of the individual, either directly by another person or through society overall. However, this once necessary shift has now reached absurd lengths, so that no one dare say that a person is responsible for his own deeds without seeming to be unfeeling and reactionary.

In the case of the recent street riots we have heard that unemployment, racial prejudice, the police, outside provocation and that omnipresent factor of post-Freudian society, frustration, are all to blame. Such forces undoubtedly have an important part to play and must be carefully examined. In the end, however, it is surely the individual who stones and loots and burns who is responsible for making the decision to stone and loot and burn.

And yet, ironically, perhaps society is to blame, for as long as these people continue to receive our tacit complicity in what they are doing, until they hear unequivocally that what they are doing is wrong, they may feel themselves to be, there will be no end to incidents such as those we have been witnessing.

Yours faithfully,  
VIVIAN NOAKES,  
146 Hamilton Terrace,  
St John's Wood, NW8,  
July 6.

## Parochial charities

From Mr A. W. Brooke

Sir, Miss Janet Fookes and Lady Faithfull in their letter today (July 2) echo the disquiet expressed in your columns about charity law. Their letter in turn fills me with disquiet.

In the course of my work I have the privilege of assisting in the administration of several parochial charities, some with incomes of less than £2 per annum. Despite the fact that the charitable objects of these trusts are strictly defined the trustees have little difficulty in allocating the income at their disposal. This is because they are people of common sense who are chosen for their local knowledge.

The call for the creation of "neighbourhood trusts" seems to me to be only one further manifestation of the principle that bigger means better. It overlooks certain risks attendant upon "reorganization" of this kind, not least of which is the attention the

trusts might receive from politicians and others seeking to become trustees from questionable motives.

If there is a problem, surely it is that trustees of local charities often do not take their duties seriously. Where a power to appoint trustees by co-optation exists (as opposed to election by trusteeship) I suggest that no one should be appointed unless he (a) has local knowledge and (b) is prepared to devote time to the trust in a constructive way, such as raising new funds or seeking out suitable beneficiaries.

In the present financial climate these activities are particularly worthy of note if the trust is educational. If all else fails, trustees should themselves apply for a variation of the trust or for merger with another under the Charities Act 1960. The call for fresh trustees is misconceived.

A. W. BROOKE,  
329c Grove Street,  
Petworth,  
West Sussex,  
July 2.

## From Dr Alexander Cooke

Sir, When 250 policemen are injured in a riot, why are there no protests from the Council for Civil Liberties?

Yours faithfully,  
ALEXANDER COOKE,  
Merton College,  
Oxford.

## From Mr Philip James

Sir, May I draw attention to the well-known fact: in a riot, authority must show superior force, at once, for a successful outcome. I am, yours truly,  
PHILIP E. L. JAMES  
No 1 Cadenham Cottage,  
Foxham, Nr Clippenham,  
Wiltshire,  
July 6.

## From Mr Jonathan Barker

Sir, The Times could make a small but significant contribution towards better race relations if it stopped referring to all black people as "immigrants".

Statements like "the immigrant community has been (in Liverpool) for a minimum of three generations" are not only contradictions in terms; they also encourage people to feel that they are second-class citizens.

Yours faithfully,  
JONATHAN BARKER,  
13 St Michaels Terrace, NZ2.

## MPs' vital vote on Barbuda

From Professor David Lowenthal and Dr Colin G. Clarke

Sir, Late in the night on Wednesday this House of Commons will be asked to accede to an injustice against a group of former colonial subjects of whom few members have ever heard: the 1,500 inhabitants of Barbuda in the West Indies, hitherto notorious only as the mistakenly supposed locus of a slave-breeding programme under the aegis of the Codrington family, long the island's lessees.

Barbuda today is being dragged along into independence against its will as a dependency of neighbouring Antigua, with which it has little in common beyond a history of mistrust. The Barbudans, who are all Crown tenants in common, view independence under Antigua as little better than slavery. Yet the United Kingdom Government has endorsed the Antigua Termination Order which would authorize this.

What UK interest does this Order serve? A constitutional conference at Lancaster House last December spent 10 days trying to reconcile Antiguan-Barbudan differences. At the end, fundamentally divergent views about control over local government, finance, police, fisheries, and law remained unbridged. Barbuda is neglected by Antigua — it has no doctor, no public electricity, water supply, or sewerage system — save for an inflated police force whose sole purpose is not to protect Barbudans but to protect Antigua's revenues authorized by the Antigua legislature persistently in arrears and local council functions seemingly flouted by Antiguan officials.

Barbudans have thus determined to seek a separate future, and have filed an appeal to this effect in the High Court. They ask for the time being to remain associated with the UK. Barbuda can pay its own way and take care of itself, as it has effectively done for a century and a half. The costs to Britain would be negligible, certainly less than the maintenance of repression and the adjudication of inter-island grievances under independence, for Antigua, impoverished and debt-ridden, can ill afford this.

Twelve years ago Britain landed several hundred paratroopers, marines, and Lord's soldiers on the nearby island of Anguilla, following two years of local rebellion against rule from St Kitts. The Anguilla Act 1980 confirmed Anguilla's *de facto* separation from the Associated States of St Kitts-Nevis. With at least as good a case for self-determination, Barbudans would find it hard if Parliament should deny them, who have acted strictly within the law, what Anguillians gained by a show of force. The House should reject the Antigua Termination Order now before it.

Yours faithfully,  
DAVID LOWENTHAL,  
COLIN G. CLARK,  
(Liverpool University),  
Department of Geography,  
University College London,  
Gower Street, WC1,  
July 6.

## Belvoir coalfield

From the Duke of Rutland

Sir, I reply to Dr H. Torrens's letter of July 4. We have no evidence in our extensive archives that the third Duke of Rutland mined for coal in the Vale of Belvoir in the eighteenth century. I bow to his superior knowledge.

Even if it is true, was it wrong to mine for coal when it was the only source of energy and our national environment had not been largely destroyed by the depredations of the twentieth century? To relate the activities of my ancestors to the present situation in the Vale is absurd.

I hope the minister will turn down the NCB application. The need for the Belvoir coal at the public inquiry was based upon a 2.7 per cent growth per annum in our gross domestic product until the end of the century. Owing to the world recession we shall not reach that target. Also the Department of Energy and the CEB forecast that the market for power station coal would decline by 20 per cent by 2000.

The miners have recently received massive subsidies and are applying for a substantial wage increase in the autumn. What price coal in the future?

Yours sincerely,  
RUTLAND,  
Belvoir Castle,  
Grimsby,  
Lincolnshire,  
July 6.

## Westward hoe

From Sir Geoffrey de Freitas

Sir, On Friday, July 3, your Diary reported the problem of getting unwelcome guests to leave. I suffered from this when I was British High Commissioner in Kenya after independence in 1963.

One day Kenyatta said that he had heard that I had many visitors from England. I told him that they were mostly members of Parliament. I could not turn away old colleagues however inconvenient it was to have them.

He said he had an old Kikuyu proverb to help: "Guests are welcome, but on the third day you give them a hoe."

I tried this. Unfortunately the first two guests, both members of the National Farmers' Union, took their hoes away with them, claiming to believe that it was a tribute to their agricultural experience in the very different conditions of southern England.

Yours faithfully,  
GEOFFREY DE FREITAS,  
C.S.M. European Consultants Ltd.,  
Bag's House,  
100 Jermyn Street, SW1,  
July 6.

## Money and prices

From Mr Henry Neuburger

Sir, In his article on "Money and Prices" on Monday (June 29) Tim Congdon underlined the importance of examining the link between the money stock and prices. He rightly stressed that this is the pivotal assumption upon which the present Government's policy was based.

This makes his rather cavalier attitude to the evidence all the more surprising. My reading of the evidence is that it lends no support to monetarist doctrine.

This is most vividly illustrated in his reference to the recent Treasury working paper by Simon Wren-Lewis. As he says, this important work has received little publicity. It is this which enables him to get away with his outrageous distortion of its conclusions. In particular he omits any of the qualifications which follow his statement.

Any serious reading of this document completely undermines a belief in the simple monetarist doctrines espoused by Tim Con-

gdon or the present Government. Its conclusions are that if you blind yourself to all other factors on prices then you can relate price movements to the money supply. If, however, you make allowance for the influence of such obvious factors as prices in the rest of the world or taxes, the relationship of prices to the money supply disappears.

The Treasury working paper undermines the validity of the simple-minded analysis of GNP matched against the money supply which occupies most of Tim Congdon's article. The paper shows that such relationships are likely to be spurious, even if the careful selection of dates did not give a misleadingly favourable impression of stability.

It is indeed regrettable that the working paper has not received more publicity. It is a most effective indictment of the intellectual basis of present Government policy.

Yours faithfully,  
HENRY NEUBURGER,  
21 Northchurch Road, N1,  
July 2.







Briefly, it is proposed that rackets should not be more than 32 inches long or 12½ inches wide, Tennis Association (they already had one in the pipeline for the region) and has been privately financed without the aid of Sports Council grant.



## Football

By Norman Fox  
Football Correspondent

Coincidence and gentle encouragement aside, the British interest in yesterday's draw at the first rounds of next season's European football competitions, the UEFA Cup, is not as casual as it is and so in 1958 and 30. In the European Cup, Liverpool, the holders, will play Oulu Palloheura, of Finland, for the first time this season. Also for the second year, Aberdeen's future is threatened by a Finnish League team, this time Ipswich Town.

Last season Aberdeen were knocked out of the European Cup in the second round by Liverpool. The club's manager, Jimmy Johnstone, is placed in danger by Ipswich team who last season narrowly failed to stop Aston Villa from winning the European Cup. Villa themselves begin their first European Cup campaign with what should be a comfortable if cool contest against Valur Reykjavik, of Iceland.

yesterday that Albion's supporters could be trusted.

In the European Cup, Celtic are clearly at the risk of early elimination than Villa and Liverpool. The Scottish champions face a Juventus team who have won the European Cup twice in the four years, Liam Brady, the former Arsenal player, finished last season as Juventus's leading scorer.

Liverpool will have to go through with a total of only eight goals.

Liverpool's eighteenth successive season in Europe begins as it will be a home game, proved an absurdly one-sided affair as Oulu, who were kindly treated in a 1-1 home draw on a somewhat soggy pitch, before losing 10-1 at Anfield. The teams in the second leg are again at home in the Liverpool leg. Villa will want to see the Juventus team lead at home before going to the away leg where Wales won 4-0 last year.

Despite Liverpool's victory over Aston Villa, Ipswich will not be too delighted to begin their defence of the UEFA Cup as the Scottish team, who felt their performances early last season showed them in a poor light, will Arsenal rejoin a visit to P. thinaloko, who were eliminated in the first round last season by the Italian side, the Italian side, 4-2 in Greece, the atmosphere for visitors can be intimidating.

The club's manager, Jimmy Johnstone, escaped having to play a preliminary round in the Cup Winners' Cup only when organisers (UEFA) discovered that the Albanian opposition had been banned from playing a Russian side. Tottenham found themselves facing AC Milan in the European championship, as their manager, Jimmy Johnstone, said: "Ajax are a team with a reputation going back several years. They are not quite as strong as they were in the last few seasons. One conclusion is that Ajax are not alone in the world."

[illegible]

**By Mitchell Platts**

Greg Norman, of Australia, returns to the European golf arena in the \$66,000 State Express Classic, which begins on the Brabazon course at The Belfry, Sandwich, Colchester, today.

Earlier this year Norman, who had finished fourth in the US Masters in April, illustrated his prowess in a 36-hole tournament in a three-week period. In this course he won the Martin International Masters and finished third in the US Open. It is hardly surprising that he is the favourite to win the European Open, which begins today, although he is doubtful whether his game will be up to the pressure of tournament golf over the next few days.

Norman has not played a competitive tournament since he won the US Open at Merion in 1985.

ago when he faltered after having moved into a promising position at the halfway stage. However, he has not wasted his time with the insurance company, as he was married in New York, so he and his wife, Laura, are on something of a honeymoon this week.

Norman did spend two days in London, but he did not get into his against Japan, but he is adamant that he regards this tournament primarily as an opportunity to get back into readiness for the Open championship at Sandwich next week.

Norman is not alone in the line-up for several players in a strong international field which includes the likes of American stars Tom Marsh, Billy Dunk and Brian Jones, Hugh Gallopicki and John Olin, and the Spaniards Manuel Piñero and Antonio Garrido, both of Spain. Piñero is a former European Open champion, after which he had to

turn north to Scotland in a hurry in order to re-qualify for the Open. That situation will be repeated this year, because Piñero is not qualified for the 25 this week who are not qualified for the Open will automatically re-qualify.

Sandy Lyle, who did not play in the Scandinavian Open in 1985, another player to return to the Open, will be playing the course in 1979 and runner-up Piñero last season and must have been a contender for the title wins so far this season in a French Open and Lawrence Bateman.

The Brabazon course, which 7,182 yards is one of the longest in the world, has been the venue in the past, but it has also provided moments to treasure, such as when a revelation came in the 1970s when the water dropped the greens the water fronted 10th hole (310 yards) and Norman, like Nick Faldo in 1987, won the European Open.

[illegible]

Pamela Macgregor-Morrison, who has a heating and ventilation business in Birmingham, and his wife, started breeding only three years ago and, having won at Newark with Larkrise as a yearling, won the Royal Cornwall last year, they can claim that they have now won the young horse championships at the Royal Show. Larkrise was bred by Mrs. F. E. Wigley's chestnut filly, the good-fronted chestnut, Veranoona, Park, bred by Miss Margaret Sherrin, of the Man out of Park, a first sister to her stallion, Gamkeeper.

Larkrise is the son of the late Colonel John Suinich Maxwell, former hunting correspondent to *The Field*, brought a yearling colt to the stud and brood mares and sired the champion at the Hunter show, putting up instead a short-legged, black, heavily-fleshed, and fat foal. The champion yearling

Mrs. David Nicholson's 15-month two-inch mare, Little Prince, was Master Owen, bred in County Wickford.

David Nicholson and his wife regarded their showing as a relaxation from their work, but not from their race horses. They lost their good mare Royal Nutmeg, who won here three times during the year, but was well pleased with their successor.

Michael Whitaker's won the Everest Double Glazing Sales horse, a yearling, a good horse. The final, was 3 1/2 seconds faster than Malcolm Pyrah on Towlands Charnbridge.

**RESULTS:** Champion yearling, Larkrise, bred by Baron's Lady; champion filly, and reserve champion, Larkrise, bred by Mrs. F. E. Wigley; champion yearling colt, Park, champion mare, Nutmeg, bred by Mrs. F. E. Wigley; champion yearling stallion, Waders, sired by Park, bred by Mrs. F. E. Wigley; champion colt, Doctor Wall, reserve, Woodstock, bred by Mrs. F. E. Wigley.

# seaball

## UTSUUNUYTA: University Match:

### 1st 2nd 3rd 4th 5th 6th 7th 8th 9th 10th

# asketball

## UTSUUNUYTA: University Match:

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# encing

## UTSUUNUYTA: University Match:

### 1st 2nd 3rd 4th 5th 6th 7th 8th 9th 10th

# Football

## UTSUUNUYTA: University Match:

### 1st 2nd 3rd 4th 5th 6th 7th 8th 9th 10th

# Handball

## UTSUUNUYTA: University Match:

### 1st 2nd 3rd 4th 5th 6th 7th 8th 9th 10th

# Ice Hockey

## UTSUUNUYTA: University Match:

### 1st 2nd 3rd 4th 5th 6th 7th 8th 9th 10th

# Baseball

## UTSUUNUYTA: University Match:

### 1st 2nd 3rd 4th 5th 6th 7th 8th 9th 10th

# Softball

## UTSUUNUYTA: University Match:

### 1st 2nd 3rd 4th 5th 6th 7th 8th 9th 10th

# Volleyball

## UTSUUNUYTA: University Match:

### 1st 2nd 3rd 4th 5th 6th 7th 8th 9th 10th

# Water Polo

## UTSUUNUYTA: University Match:

### 1st 2nd 3rd 4th 5th 6th 7th 8th 9th 10th

# Wrestling

## UTSUUNUYTA: University Match:

### 1st 2nd 3rd 4th 5th 6th 7th 8th 9th 10th

# Boxing

## UTSUUNUYTA: University Match:

### 1st 2nd 3rd 4th 5th 6th 7th 8th 9th 10th

# Weightlifting

## UTSUUNUYTA: University Match:

### 1st 2nd 3rd 4th 5th 6th 7th 8th 9th 10th

# Archery

## UTSUUNUYTA: University Match:

### 1st 2nd 3rd 4th 5th 6th 7th 8th 9th 10th

# Badminton

## UTSUUNUYTA: University Match:

### 1st 2nd 3rd 4th 5th 6th 7th 8th 9th 10th

# Table Tennis

## UTSUUNUYTA: University Match:

### 1st 2nd 3rd 4th 5th 6th 7th 8th 9th 10th

# Go

## UTSUUNUYTA: University Match:

### 1st 2nd 3rd 4th 5th 6th 7th 8th 9th 10th

# Chess

## UTSUUNUYTA: University Match:

### 1st 2nd 3rd 4th 5th 6th 7th 8th 9th 10th

# Shogi

## UTSUUNUYTA: University Match:

### 1st 2nd 3rd 4th 5th 6th 7th 8th 9th 10th

# Recreation

## UTSUUNUYTA: University Match:

### 1st 2nd 3rd 4th 5th 6th 7th 8th 9th 10th

# Other

## UTSUUNUYTA: University Match:

### 1st 2nd 3rd 4th 5th 6th 7th 8th 9th 10th

[illegible]

8

# hearing fixed for tomorrow.

Walter Swinburn will appear before the Jockey Club disciplinary committee in London tomorrow morning. He will not be legally represented. Swinburn's case was referred to the Jockey Club after his mount, Hard Fought, was disqualified from second place in Saturday's Eclipse Stakes at Sandown Park.

The stewards considered him to be guilty of reckless riding.

Swinburn will be pleased to have a case to be heard so soon because he will know exactly what he has to be clear to ride Shergar in the King George VI and Queen Elizabeth Stakes at Ascot on Saturday.

He was in the case of Grenfell Starkey, who was banned for 14 days for similar offences. Shoun and Swinburn were upheld.

Swinburn received the same punishment, and if, as is currently expected, the ban becomes effective, he will have to wait until he can return a day before the Ascot race.

Swinburn is due to ride Marwena in the July Cup at Newmarket tomorrow.

STATE OF GOING (official):  
 Disqualification.  
 Firm: Newmarket. Good

[illegible][illegible]

45 Nunners. 2-15 Zoro. 2-45 Traditional Miss. 3-15 Dansacha.  
46 Correll. 4-15 Casa Equiliana.

Our Newmarket Correspondent

47 Pinos. 1-15 Trading. 2-45 Kashmir Rose. 3-15 Dansacha. 3-45  
with Kiss. 4-15 Mrs Leubetter.

Letho ..... P Cook (7-2)  
Laverick .....  
..... C Miller (20-1) d & heat 3?  
TOTE: Wts. 18c place; 19c, 12pc.  
..... B Gossard (12-1) 1st  
CSP. CSF. No. W. Wright. at New-  
market. 1-15

(31P) SHARROCK HANDICAP  
1st 54.7 2nd 1.1

HACHO, b m by Mickey McGeeffe  
Sired by ... ..  
..... B Crossley (12-1) 1  
..... J. H. Jones (12-1) 2  
Miss Wonder R Weaver (12-1)

259. N. Wilson, at Newmarket. 11. 1-1.  
Adrian's Hair 16-1 4th. 4 Jan.

4-13 (14-20)  
12-15 Miss ROSS HANDICAP  
STIMP Light, ch m., by Virginia  
Sunlight Fall m. by Jerome  
..... B Crossley (12-1)  
Tower wts. R. POORE (12-1)  
..... A Garie (12-1)

TOTE: Wts. 18c place; 20c, 13p.  
1-15 2nd. Dana F. CSP. 2d. 1-1.  
..... J. H. Jones (12-1) 2nd  
Steel City (12-1) 7th 2nd. NB:  
.....

1st	2nd	3rd	4th	5th	6th	7th	8th	9th	10th	11th	12th	13th	14th	15th	16th	17th	18th	19th	20th	21st	22nd	23rd	24th	25th	26th	27th	28th	29th	30th	31st	32nd	33rd	34th	35th	36th	37th	38th	39th	40th	41st	42nd	43rd	44th	45th	46th	47th	48th	49th	50th	51st	52nd	53rd	54th	55th	56th	57th	58th	59th	60th	61st	62nd	63rd	64th	65th	66th	67th	68th	69th	70th	71st	72nd	73rd	74th	75th	76th	77th	78th	79th	80th	81st	82nd	83rd	84th	85th	86th	87th	88th	89th	90th	91st	92nd	93rd	94th	95th	96th	97th	98th	99th	100th
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Lifting the veil  
on interest  
rates, page 23

# Business News

THE TIMES July 8 1981

Choppy waters  
over seabed  
riches, page 23

**Stock markets**  
FT Index 529.5 down 11.3  
FT Gilts 64.76 up 0.09

**Sterling**  
\$ 1.9035 up 30 points  
Index 93.5 up 0.3

**Dollar**  
Index 110.4 down 0.2  
DM 2.4433 down 69 points

**Gold**  
\$407.00 up \$3

**Money**  
3 mth sterling 135.131  
3 mth Euro 182.181  
6 mth Euro 173.171

## IN BRIEF

### Full London listing for oil group

The first oil company to be given a full listing on the London Stock Exchange for over a year will be Hamilton Oil Great Britain.

The new company will be the first United Kingdom publicly quoted arm of the Hamilton Brothers, the United States group which developed the Argyll field. Argyll was the first North Sea field to produce oil in commercial quantities.

Hamilton's 28.8 per cent interest will be put in the new company which will also have a range of drilling and exploration interests in North America and elsewhere in the world.

Only 10 million shares, equivalent to 20 per cent of the equity, are being made available. They are being offered at 140p each valuing the whole company at about £79m. Pre-tax profits last year were £15m and are forecast to be down slightly in the current year.

Kleinwort Benson is the merchant bank handling the issue and the brokers are Cazenove. Full details will be announced tomorrow and application lists open the following Wednesday.

Financial Editor, Page 23.

### Collins to challenge Panel on shares sale

An attempt by William Collins & Sons (Holdings) to overturn the ruling of the Takeover Panel executive will go before the 13-member Panel on Thursday. Collins argues the sale of 9.5 per cent of its stock by Mr Robert Maxwell's Pergamon Press to Mr Rupert Murdoch's News International was linked with other deals. The Panel executive and News International said it was not. Collins voting shares closed 5p above NT's offer last night at 230p. The non-voting stock, for which NI is offering 163p, eased to 158p.

### Ford closure halted

A Dutch court has stopped the planned closure of Ford NV's commercial vehicle assembly plant in Amsterdam pending further legal proceedings. It ordered the end of a 12-day occupation by workers in protest against Ford's decision to close the plant by end of September.

### £16.5m oil contract

Mobil North Sea has awarded a £16.5m contract to Union Industrielle d'Entreprise, of Cherbourg, France, for the lower production deck and well-head manifold for the Beryl B oil production platform. The Beryl field, is expected to begin production in 1984.

### TV sales boom

Fidelity Radio is taking on about 70 school leavers and more than 30 other workers at its North Acton factory in London, thanks largely to the success of its new 14-inch portable colour television. Production for this year is sold out.

### Ford sit-in to end

The Ford Motor Company yesterday ended the 13-day occupation of its Amsterdam plant by workers opposing its threatened closure. But the judge also ruled that Ford should not lay off workers or end its production pending an inquiry into possibilities for keeping the plant in operation.

### Wall Street

On the New York Stock Exchange, industrial average closed at 554.15, up 4.85. The S-SDR exchange rate was 1.14026 while the £=SDR rate was 0.596214.

## PRICE CHANGES

**Rises**

Centraway	10p to 130p
Gen Foods Ord	3p to 325p
IC Gas	17p to 195p
Leaslie	30p to 101p
Mercantile Wse	45p to 683p
Middle Hse	25p to 620p

**Falls**

APV Holdings	13p to 273p
CRA	20p to 245p
Husk Oil	30p to 680p
Harrison Cros	25p to 787p
Lamco	22p to 527p

## Slowdown puts money supply in target area

By John Whitmore, Financial Correspondent

News of significantly slower monetary growth in June went some way yesterday to allay market fears of an imminent rise in the Bank of England's minimum lending rate.

But the Bank once again made it clear that it wished to see money market rates remain above 12 per cent by making funds available to the discount market at rates between 12 and 12 1/2 per cent.

A decision on whether MLR should be raised in the coming weeks will now depend crucially on the performance of sterling. This in turn is likely to depend largely on the behaviour of the dollar; and in this respect any change in United States interest rate policy flowing from yesterday's meeting of the Federal Reserve's open market committee will be of paramount importance.

The pound made something of a recovery in morning trading in London yesterday, reaching £1.92. But once the market had news that the June money supply figures made a rise in MLR unlikely this week, the rate retreated to £1.9035, a net gain of 30 points.

On the face of it, the preliminary indication that sterling M3, the broad measure of banking money, grew by only about 1 per cent in June is extremely encouraging.

Many analysts took this to suggest that the underlying money supply (after allowing for the inflation of the statistics caused by the Civil Service dispute) actually fell during the month.

The Bank of England, for its part, was making no such claim, however. It said that estimating the effects of the Civil Service dispute on the figures was increasingly difficult.

It suggested, however, that it

was unlikely that the underlying growth of sterling M3 during the first four months of the present target period had been outside the 6 per cent to 10 per cent range that the authorities are aiming at.

Precisely where the underlying rate of growth falls within that band depends on assumptions of the impact of the dispute on monetary behaviour and the extent to which government finances would have been on target had there been no dispute.

While all assumptions on these two counts must be partly a matter of guesswork, the Government has consistently stressed that "lost" tax revenue would eventually be recouped and that its strategy was not endangered.

The longer the dispute has continued, however, the stronger becomes the feeling that at least part of the tax revenue owing may be lost for good.

So a successful funding programme in the gilt-edged market and through National Savings has become increasingly important. So far, the Government has enjoyed a great deal of success here but an interesting test will come today when investors' applications are due for the new £1,000m issue of index-linked stock.

Although it is assumed that the issue will be fully subscribed, the question that was in-  
triguing the market yesterday was whether or not it would be fully subscribed at a price acceptable to the Government.

Bids aimed at securing a real return of 2 1/2 per cent would be at a price of about 391 per cent.

Financial Editor, page 23

Tables, page 24

## Fed under pressure to relax tight controls

From Frank Vogl, Washington, July 7

The open market policy committee of the Federal Reserve Board met today to chart the future course of United States monetary policy. A slowing of economic growth and a moderate inflation trend could influence the outcome of the meeting.

Brokers on Wall Street hope that the committee will vote for some relaxation in the present tight policy and there are foreign pressures for such a relaxation as well. The committee's decisions might "become" clear in the next few days in the form of the Fed's open market money operations.

The Bureau of Labour Statistics today stated that wholesale prices in the United States rose by 0.5 per cent on a seasonally adjusted basis in June, after a gain of 0.4 per cent in the previous month. Wholesale prices of semi-finished goods increased by just 0.3 per cent, after an advance of 0.5 per cent in May.

Meanwhile, as a further sign of the slowing United States economy, car manufacturers here reported that sales in the most recent 10-day period were the lowest for any comparable period in 23 years.

Latest money supply figures show that the narrow measure of the money stock is growing well within the Fed's target range.

M1B is growing at an annual rate of 3.5 per cent, while there has actually been a 4.4 per cent decline in the annual rate of M1A growth over the last quarter-year. There has also been a relatively modest growth trend in bank reserves.

A Brussels report from the EEC monetary committee endorsed by the Community's finance ministers says the United States should change its stance on currency intervention on foreign exchanges, according to diplomatic sources.

## Fear of MLR rise hits shares

By Margaret Pagano

Leading shares fell to their lowest levels in 20 months in the stock market yesterday as fears grew that higher short-term interest rates are on the way.

Double-figure losses occurred in most sectors and computer share prices were hit hardest. The FT 100 index closed down 14.28m, having been wiped off share values by the afternoon.

Although the FT Index recovered slightly by the close at 529.5, it fell at one time to 528.3. This is the largest day's loss since November 14, 1979, when the index dropped 13.5.

Dealers had marked prices down from the outset of business, but selling and uncertainty over interest rates prompted further falls. There was mixed market reaction to the possibility of a higher minimum lending rate, but enough fears to keep investors away.

Encouraging money supply figures, well within the Government's target, helped to lift the market later with most shares recovering the worst by the close. But among the losers were Unilever, GEC, Blue Circle—on higher mortgage rate fears—and Glaxo.

Rise fell at one time 8p to 290p, the same level of the Government's part of its recent rights issue, but ended at 294p.

Other depressed sectors were oil, building, leisure and foods, and financials and properties on fears of dearer money. Banks escaped with minor falls.

Government securities made a steady start to be further helped by sterling's fresh 1 1/2 cent gain against the dollar. Gilts firmed up to 4 1/2 but ended unchanged on the day.

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## Car sales lowest since 1977

By Edward Townsend

New car sales in the United Kingdom totalled just under 798,000, their lowest for four years. In June alone, the market declined by 14.2 per cent compared with a year earlier.

The Society of Motor Manufacturers and Traders said yesterday that the latest figures confirmed its prediction that total car sales this year will be 1.41 million, 18 per cent down on the buoyant 1979 market of 1.72 million.

The 1981 half-year sales figures highlight the drift away from big-engined, high-consumption cars to smaller, more economical models. The main small car protagonists are now the Ford Fiesta, which achieved sales of 61,971 in the six months, and BL's Mini of 60,172, just behind with sales of 60,172.

Both companies, which together account for more than half of United Kingdom car sales, yesterday issued statements clearly designed to boost customer confidence in their products when the car trade is gearing up for the traditional late summer increase in business.

Ford, whose Cortina and Escort models retain the top two sales positions, said it was planning to raise output of the Fiesta at its Dagenham plant in Essex rather than rely on imports of the car from Spain. Dagenham's production rate will go up from 200 to 350 Fiestas a day.

The company, whose total market share in the United Kingdom fell from 32.75 per cent in the first half of 1980 to 30.45 per cent this year, said the Dagenham expansion would create more jobs as the Fiesta lines would be manned by workers no longer needed in other parts of the plant.

Loss-making BL, soon to launch its Japanese-designed Triumph Acclaim saloon, said it had now increased Metro pro-



Fiesta and Metro: competing for small car market.

duction to 4,500 a week to meet European needs and the expected big August sales demand. The state-owned company's six-month market share was 19.96 per cent, against 17.88 per cent a year ago, and it is clearly on target to achieve an end-year penetration of 20 per cent.

Total car sales last month, at 106,087, were the smallest since June 1977, and show that, after the aggressive advertising campaigns earlier in the year which tended to drag sales forward, the market is now reflecting more truly the generally depressed economic situation.

The share captured by imported cars fell by almost 4 per cent in the six months to 53.87 per cent, with total sales of 429,819 units. The main exception to the decline came from Japanese manufacturers, whose combined onslaught on the British market resulted in a share of 11.34 per cent against 10.4 per cent in the first six months of 1980.

Datsun, whose parent company Nissan is planning to build an assembly plant in Britain, sold 50,027 cars in the six months (6.27 per cent) against 46,785 (5.38 per cent) a year ago. Toyota and Honda both saw their market share decline, but Mazda and Colt increased sales and penetration.

The commercial vehicle market in the United Kingdom continues to be severely depressed, with sales down to 17,868 in June, a drop of 20.24 per cent on a year earlier. In the first six months, registrations of trucks, vans and buses fell by 27.56 per cent. Imported



Fiesta and Metro: competing for small car market.

vehicles, however, accounted for 29.07 per cent of sales in the six months against just under 24 per cent a year ago.

A high-level British car industry delegation was due to begin two days of talks in the northern Japan city of Sapporo yesterday, and was reported to be seeking voluntary restraints by Japanese car manufacturers for the rest of the year.

The six-member mission of the British Society of Motor Manufacturers and Traders, said to be concerned over Japan's growing car exports to Britain.

Officials at Japan Automobile Manufacturers Association headquarters in Tokyo said delegates would exchange views on the economic situation in Britain and prospects for the car industry as a whole.

Reliant cuts 250 jobs at Tamworth plants

Reliant motor group is to cut 250 jobs at its factories in Tamworth, Staffordshire, it was announced yesterday.

Reliant's two factories and warehouse in Tamworth have been on short time for more than a year, and Mr Ritchie, Reliant's managing director, said yesterday that this was inefficient, expensive and demoralising.

Short-time working was only justified as a temporary measure, he said, and there was no sign of any improvement in trading positions in the foreseeable future.

The group had decided to cut its workforce by 250, leaving 500, but Mr Spencer stressed that Reliant's three models—the three-wheeled Robin, the Scimitar sports car, and the Kitten—would still be made.

## British Steel's record £668m loss may trigger more plant closures

By Peter Hill, Industrial Editor



Mr MacGregor: EEC production cuts key to BSC survival plan.

## Gallagher to absorb new cigarette tax

By Derek Harris, Commercial Editor

Gallagher, whose Benson and Hedges Special Filter is Britain's top selling cigarette brand, is absorbing the new cigarette tax which will increase the price of a pack of 20 cigarettes by 10p.

Most other manufacturers are expected to do the same to avoid a further dip in sales just as they are beginning to recover from the 14p duty increase imposed in the March Budget.

An announcement is expected today from Imperial Tobacco, part of Imperial Group, and the market leader whose brands include John Player and Embassy and Lambert and Butler.

An initial decline of 15 per cent in sales has now eased to between 10 and 11 per cent in recent weeks. Trade estimates suggest that passing on the new 3p increase in tax sales by at least 2 per cent.

Gallagher, the United Kingdom arm of American Brands, says that the immediate cost of absorbing the extra duty will be more than £2m a month and it will therefore not be possible to absorb the increase permanently. But the company believes that the alternative could be a range of consequences including the reorganisation of short-time working in tobacco manufacture which has only just finished, redundancies and the closure of some small retailers.

Gallagher will not be absorbing increases on cigars and pipe tobacco but, because of the volume of retail stocks already out of bond it should be at least a fortnight before higher prices appear in the shops.

If all the tobacco companies follow Gallagher's lead the trading war which has already been eroding their profit margins will intensify.

## Maritime claims threat

By Richard Allen, Insurance Correspondent

Hard-pressed insurers in the London marine market could soon face a flood of war risk claims from owners of ships trapped in the Strait of Hormuz between Iraq and Iran.

Altogether 72 vessels are still detained and unofficial estimates of their insured values range from \$200m to more than \$300m.

The ships are detained because of Iraq's continuing forbidding merchant ships from entering or leaving Iraqi ports. Most are believed to be undamaged. But a wave of claims could be set in motion as a result of a decision by the Bermuda-based Hellenic Mutual War Risks Association to pay out a total of \$36m to the owners of 10 vessels.

The association, which provides cover for Greek owners, said yesterday it was paying because owners had been deprived of their vessels and were unlikely to recover them within a reasonable time. Many more claims are now expected when war risk policies come up for renewal in September.

Underwriters at Lloyd's and in the London company market are already facing severe competition and soaring claims.

## Conoco tells of rival to Du Pont offer

From Frank Vogl, Washington, July 7

The American Conoco oil and coal company, which yesterday announced agreement to merge with the Du Pont Chemicals group, today revealed it had received another offer, from an unnamed bidder, of \$85 per share, against Du Pont's \$87.50.

Conoco also stated that it had conducted negotiations with various companies relating to transactions similar to that involving Du Pont.

Meanwhile, Texaco which, if it had taken over Conoco, would have been second only to Exxon in the world's largest oil company, disclosed that it, too, had held merger negotiations with Conoco. But it added: "No merger offer was made by Texaco."

Texaco made it clear that it did not initiate talks with Conoco. A series of takeover negotiations involving thousands of millions of dollars has recently been taking place in the United States and Wall Street was alive with rumours of new oil industry mergers.

## Output recovery fails to dispel CBI gloom

By Francis Williams

Tentative signs of some recovery in manufacturing output will be shown by the Confederation of British Industry's latest industry survey for July, to be published at the end of the month.

Early returns indicate that the proportion of companies expecting output to rise over the next four months will, for the first time since December 1979, exceed those expecting output to fall.

The CBI's monthly industrial trends survey has for the past three months been pointing to a flattening out of manufacturing production after the 18 per cent fall between mid-1979 and the first quarter of 1981. The balance of companies expecting output to fall rather than rise has shrunk to between 1 and 4 per cent from a peak of 48 per cent last September.

The main reason for improved output prospects is a slowing down in the rate of stockpiling. The proportion of businesses

saying stocks were more than adequate has fallen steadily this year but, on balance, companies still expect a further decline.

Despite the ray of hope, the CBI economists remain gloomy about prospects over the next couple of years. They see no sign of a sustained recovery either this year or next.

The CBI is also concerned about the industry's ability to respond when demand picks up more rapidly. CBI economists reckon that the recession may have permanently cut manufacturing capacity to some 10 to 15 per cent below the level it would have reached had the previous modest upward trend continued.

Confederation forecasters are not predicting a significant boost to output after sterling's recent slide. They see the effects working through only slowly on exports and home production in competition with imports.

## 600 GROUP Record overseas results in a very difficult year

In his Statement on the 1981 Accounts, Sir Jack Wellings, CBE, referring to the outlook said:-

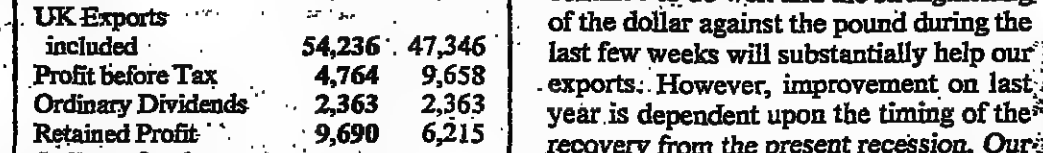
Salient figures to 31st March, 1981	
	1981 £000's
Sales	148,522
UK Exports included	54,236
Profit before Tax	4,764
Ordinary Dividends	2,363
Retained Profit	9,690
Ordinary Stock	29.2p
Earnings Per Unit	19.2p
Net Asset Value	154p
Per Unit	132p

We have taken drastic measures to come in line with the current trading climate which so far shows little change from the low of last year. Our overseas companies continue to do well and the strengthening of the dollar against the pound during the last few weeks will substantially help our exports. However, improvement on last year is dependent upon the timing of the recovery from the present recession. Our companies are poised for an upturn and we expect to be more confident about the outlook for the year at the time of our interim report.

## The 600 Group Limited

MACHINE TOOLS · ENGINEERING PRODUCTS  
MATERIALS HANDLING · SCRAP PROCESSING

A copy of the Report and Accounts for the year to 31st March, 1981 can be obtained from The Secretary, The 600 Group Limited, Wood Lane, London W12 7RL.













# If you're interested in investing in tourism, you need our Annual Report.

On average, every day 1.2 million of our citizens spend the night away from home.

Whether on business or pleasure, this classifies them as tourists. And, of course, apart from needing a bed for the night, they also need to be fed, entertained and provided with a whole range of other services.

Add to these domestic tourists the large number of foreigners visiting this country each year and you begin to get an idea of the size of the tourist industry in England.

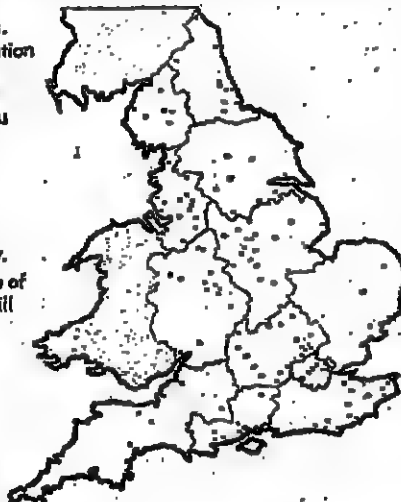
With leisure time inexorably on the increase, tourism in this country seems set for continued growth. Indeed, it has been predicted that by 1985, the industry will have an annual turnover at constant prices, excluding inflation, of £10,000 million.

The responsibility of the English Tourist Board goes far beyond promoting holidays in England. One of its key functions is to research trends in tourism and to alert the industry to prospects for growth. In practice, this often means acting as a "marriage broker" between commercial concerns and local authorities, a task which ETB has performed with great success.

Because of all this, ETB is uniquely in touch with the many exciting opportunities that exist in England today for tourism development. If you are interested in finding out more, then your first step should be to obtain a copy of the ETB Annual Report, which contains details of 134 areas with outstanding development opportunities.

Not only in the accommodation sector but in many other aspects of tourism too. The Annual Report also tells you about many other ways in which ETB can help the developer.

For your copy of the ETB Annual Report, please complete the coupon below. At £5 a copy, it could be one of the best investments you will ever make.



**Tourism investment opportunities**

## Key points from the Annual Report

- The English tourist industry is weathering the recession well. Overall value of tourism to England's economy last year was nearly £7,000 million. The resilience, and thus the importance, of this labour-intensive sector, has been truly remarkable.
- The trend towards self-catering continues. Short holidays in England, taken by our own citizens, increased by 10%. Standards of accommodation at existing establishments continued to improve, and several important new hotels and conference centres opened during last year.
- The deregulation of coaching created a new tourist market, with coach travelling increasing by some 150%. The National Bus Company's Family Explorer Round Trip Ticket, now on sale at many Tourist Information Centres, has been a particularly welcome success.
- The country's 437 Tourist Information Centres deal with more than 12 million enquiries during the year. The cost of running these Centres is borne mainly by local authorities, yet despite the cash squeeze, not one has been allowed to close.
- The significance of tourism to the national economy received recognition by its inclusion for the first time as one of the individual items used for the Central Government's calculation of the Black Grant for England and by the Budget's proposals for small businesses.
- Tourism is primarily an industry of small businesses, be they restaurants, boarding houses, hotels, pubs, holiday homes or any other type of tourist attraction. Together these businesses support as many as 1.5 million jobs. In Britain between 1970 and 1980, employment in the manufacturing sector declined from 8.3 to 6.8 million - this shift in employment will continue to be towards the service sector, and the importance of tourism as a job creator must not be overlooked. Tourism means jobs.

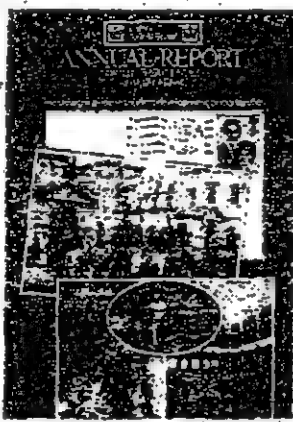


To: English Tourist Board, 4 Grosvenor Gardens, London SW1W 0DU.

I would like to know about investment opportunities in tourism and the activities of the English Tourist Board. Please send me a copy of your current Annual Report. I enclose cheque for £5.00, payable to the English Tourist Board.

Name: \_\_\_\_\_

Address: \_\_\_\_\_



## FINANCIAL NEWS

### Stock markets

## Banking figures halt fall

Encouraging banking figures that were well above expectations helped to halt the steep fall in share prices in the market yesterday.

Fears of an increase in the Minimum Lending Rate on Thursday, accelerated by the Bank of England forcing discount houses to borrow above the market rate, still persist. Equities were sent reeling at the outset but they recovered on the news that money supply growth was kept to 1 per cent in June.

An estimated £142m was wiped off stock market values, leaving total capitalisation at £97,240m.

The news had little impact on Government securities which had opened steady, taking confidence from sterling's fresh 2 per cent gain against the dollar. Longs stayed at overnight levels before drifting £3 to £3 on selling, but went better on the day to end unchanged. Top levels were up to 10.11 firmer. Shorts, in thin conditions, eased to finish unchanged on the day, but were up to £3 higher in some cases.

At 10 am the FT Index was down 9.7 to 5311 and by 1 pm it had dropped to 5283, but after the rally in the afternoon it closed 11.3 down on the day at 5292.

Jobs in most sectors had marked prices down at the outset and selling prompted further falls. There were big falls in electricals, where investors are still taking profits after last week's gains, in buildings, on concern that mortgage rates could well be higher, and in properties and

financials, on dearer money. Oils were a dull market.

Leading equities were extremely depressed. ICI, at one time down 6p at 270p, ended at 272p, but Unilever led the way with a 15p fall to 576p. Blue Circle Industries gave up 12p to 484p and GEC, after recent figures, fell 3p to 730p. Pilkington eased 10p to 311p, Hawker Siddeley 4p to 330p and Glaxo 10p to 376p.

Tube Investments, with figures next month, gave up another 6p to 132p and Becthams fell 5p to 218p.

Sharply increased profits and a higher dividend from Roper saw the "A" shares put on 17p to 211p and ordinary shares 18p to 216p. But poor trading news lopped 2p from Highgate Optical at 25p while Intasun gave up 2p to 74p.

Among leisure stocks, Horizon Travel was 7p lower at 256p, reflecting the outlook for trading in the holiday season.

Closure of the Gloucester foundry clipped another 3p from Babcock International at 117p, while child care had 1p to 31p on the CRA stake announced on Monday. Fidelity

Radio added 3p to 46p after optimistic words from the chairman at yesterday's annual meeting.

Mercantile House rebounded with a 45p rise to 883p, after revealing plans for a rights issue. But comment on the results from Mercury Securities left the shares down 28p at 260p.

Rights issue rumours are on the table for smelter specialist E. J. Riley. Although recovering well from a profits setback, the group would like to reduce borrowings and expand further. The shares have risen 16p to 78p since the May interim results.

After recent profit-taking, Satchell & Satchell eased 12p to 326p and Polly Peck lost 16p at 340p.

International trading group Inchepe, with results soon, dropped 21p to 395p after a mixed rumour that it had either lost a Toyota franchise in Sri Lanka, or that a former director had left to set up a rival car franchise. The company

says: "We know nothing about that. We were told the price fell on renewed rumours of a rights issue and we never comment on market rumours."

Bank and insurance came off rather more lightly than other sectors but still showed falls. Of the clearers, Lloyds eased 2p to 393p and National Westminster 3p to 395p. But Arbutnot Latham, still awaiting bid news, fell a further 7p to 328p.

Equity turnover for July 6 was £14,335m (bargains 5,611). Active stocks, according to the Exchange Telegraph, were Roper "A", British Aerospace, Mercury Securities, RTZ, and IC Gas and Inchepe.

Traditional options: Dealers reported active conditions yesterday. Calls were made in ICI, Boots, Brent Walker, Tomaco, Tube Investments and Grindlays.

Traded options: A total of 982 contracts were completed. BP attracted 96 contracts, Comm Unit 26 and RTZ 12.

### Latest results

Company	Sales	Profits	Earnings	Div	Pay	Year's
Int or Fin	£m	£m	per share	pence	date	total
Blue Mount (F)	10.79 (10.8)	0.52 (0.51)	0.45 (0.44)	—	1/9	10.5 (10.0)
Highgate Optical (F)	1.91 (1.72)	0.02 (0.03)	0.64 (0.23)	—	—	—
ICI Gas (F)	402.9 (277.7)	33.2 (38.3)	18.6 (21.5)	5.3 (4.3)	21/8	8/7
Intasun (F)	101.6 (30.6)	10.1 (8.2)	14.6 (8.5)	—	—	—
Lincoln Kilgour (F)	5.58 (6.92)	0.06 (0.02)	1.1 (0.01)	—	—	—
Lonsdale Unit (F)	19.5 (21.8)	0.16 (0.71)	0.81 (5.86)	0.5 (1.85)	1/8	—
Macpherson (F)	42.5 (40.7)	0.82 (1.3)	2.4 (4.5)	1.5 (1.5)	1/9	—
Mercury Securities (F)	28.8 (23.4)	5.9 (4.3)	2.05 (6.68)	1.1 (1.0)	—	1.8 (1.62)
Roper (F)	28.8 (23.4)	5.9 (4.3)	2.05 (6.68)	1.1 (1.0)	21/8	6.5 (4.5)

Dividends in this table are shown net of tax on pence per share. Elsewhere in Business News dividends are shown on a gross basis. To establish gross multiply the net dividend by 1.428. Profits are shown pretax and earnings are net. — = Loss; + = Adjusted for scrip issue.

## Union Int plunges to £5m loss

By Peter Wilson-Smith

Union International, the cold storage and transport company which is part of the Vestey empire, tumbled into losses in 1980 but is still paying an unchanged dividend of £100,000 to the family shareholders.

The Vestey, whose empire also includes the Dewhurst butcher chain—a subsidiary of Union International—attracted controversy last year over tax

avoidance running into millions of pounds. Directors were introduced in the last Budget to plug the loopholes.

Union International lost £5.5m before tax compared with £7.3m pretax profits in 1979. Sales were slightly down from £1,053m to £1,018m.

Mr Henry Synges, chairman, said that prospects for 1981 were not good. He said the board believed that the bottom of the cycle had been reached and probably passed in some of the group's businesses.

## Engineering side lifts Roper

By Richard Allen

Roper Holdings' involvement in defence electronics continued to keep group profits moving ahead in the year to March 31.

Although progress slowed in the second half, Roper closed the year with a 37 per cent increase to £5.3m pretax. A final dividend of 5.7p gross takes the total payment for the year up by 44 per cent to 9.3p gross.

The main growth came from Airtech, which supplies telecommunications equipment to the Royal Navy and other armed forces and which now accounts for three-quarters of profits in the engineering division. This division raised its contribution by almost 50 per cent to £3.6m last year and a spokesman said yesterday that cutbacks in defence spending so far had not affected the order books.

The engineering rise offset dull performance from shipbuilding, which lifted profits by



Mr David Roper, chairman of Roper Holdings.

less than 10 per cent to £1.4m, and insurance broking, where profits plunged by 60 per cent to £123,000 in the face of

increased competition and sterling's strength last year.

The group's expanding property division turned in profits up by two-thirds at just over £1m although this total reflects an exceptional number of completions.

Roper made a profit of £630,000 before capital gains tax on the sale to Huntingdon of its near 30 per cent interest in Stag Line.

The process was reflected in an extraordinary credit of £293,000 that also reflects deficits, including a currency loss on loans to finance the building of a new ship. Although

the group's earnings per share have risen from 16.1p to 28.2p, from 14.2p to 23.7p, accounts prepared under the current cost convention.

## D Macpherson slumps despite higher sales

By Peter Wainwright

Continuing recession did not stop Donald Macpherson Group from raising sales from £40.7m to £42.6m in the 26 weeks to April 26 in the United Kingdom.

It all but held its ground with sales dipping only from £23.5m to £23.2m, while exports and sales abroad went ahead.

However, interim pretax profits fell from £1.29m to £820,000, with most of these coming from a sparkling performance from Cover Plus, the furniture sold exclusively to Woolworth's since 1969, and overseas.

Cover Plus benefited from Woolworth's Crackdown campaign, but even so, it represented only 17.5 per cent of total sales. The interim dividend is kept at 2.14p gross a share even though earnings fell from 4.5p to 2.4p.

The group has cut interest charges by lowering borrowings, and the worst of the recession appears to be over. But Mr Rex Chester, the chairman, added: "Looking ahead it is impossible to foretell when the upturn will come—there is certainly no sign of it at present."

The group is bent on expansion overseas and news of acquisitions could come in about three months. The group stresses the strength of its balance sheet, which points to cash purchases, rather than issues of paper. The shares eased 1p to 51p yesterday. This

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### Briefly

Winterbottom Energy Trust: Gross investment income for half year to May 31, 1981, £295,000 (£439,000 for half year to May 31, 1980). Total net assets at market value at May 31, 1981, £19,84m (£21.59m at November 30, 1980). Asset value per ordinary share: 74.5p (£2.39).

Turnover for year to March 31, 1981, £23,23m (£20.32m). Pretax profits: £5.15m (£5.5m). Total payment effectively increased from 2.32p gross to 2.57p gross. Board reports that trade in recent weeks has shown a small improvement, and it would be unrealistic to expect any major upturn in the near future.

Hargreaves Group's subsidiary, Hargreaves Holdings (USA), has contracted to purchase Bralloy-Willett Tank Lines, a Virginia corporation, engaged in road tanker transport activities within the United States of America. The initial purchase price is \$6.04m payable in cash, with a further consideration payable in the form of shares in Hargreaves Holdings.

International Tin Agreement: Kuala Lumpur.—The Sixth International Tin Agreement (ITA) will be open for signing by ratifying countries from August 3 at UN Headquarters in New York. Tin exporting and importing countries agreed at a UN conference in Geneva late last month on the text of the new agreement.

Lincoln Kilgour, the clothing and menswear manufacturing group, has returned to profitability with a pretax profit of £55,966 for the six months to end-March, 1981, compared with £2,941 for the corresponding period last year which ended with a pretax loss of £425,066. The chairman, Mr Tony Holland, expresses hopes of higher profit for the second half. No interim payment (no payment for year, 1979-80). Turnover was reduced from £6.92m to £5.58m.

Highgate Optical & Industrial: Turnover for 1980, £1.91m (£1.72m). Pretax loss, £27,000 (profit of £18,000 last time). No dividend (2.57p gross last year).

Espley-Tyres Property Group has agreed to acquire from Thela Ltd three townships, plus investment properties for £2.95m, satisfied by £1m cash and the issue of 2.51m ordinary shares, which will be placed by Carr Seabag to raise £1.95m cash.

Bank figures

The following are the figures for eligible liabilities and reserve assets ratios of United Kingdom banks released by the Bank of England yesterday.

Eligible liabilities: 1980, 1981, 1982, 1983, 1984, 1985, 1986, 1987, 1988, 1989, 1990, 1991, 1992, 1993, 1994, 1995, 1996, 1997, 1998, 1999, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025, 2026, 2027, 2028, 2029, 2030, 2031, 2032, 2033, 2034, 2035, 2036, 2037, 2038, 2039, 2040, 2041, 2042, 2043, 2044, 2045, 2046, 2047, 2048, 2049, 2050, 2051, 2052, 2053, 2054, 2055, 2056, 2057, 2058, 2059, 2060, 2061, 2062, 2063, 2064, 2065, 2066, 2067, 2068, 2069, 2070, 2071, 2072, 2073, 2074, 2075, 2076, 2077, 2078, 2079, 2080, 2081, 2082, 2083, 2084, 2085, 2086, 2087, 2088, 2089, 2090, 2091, 2092, 2093, 2094, 2095, 2096, 2097, 2098, 2099, 2100, 2101, 2102, 2103, 2104, 2105, 2106, 2107, 2108, 2109, 2110, 2111, 2112, 2113, 2114, 2115, 2116, 2117, 2118, 2119, 2120, 2121, 2122, 2123, 2124, 2125, 2126, 2127, 2128, 2129, 2130, 2131, 2132, 2133, 2134, 2135, 2136, 2137, 2138, 2139, 2140, 2141, 2142, 2143, 2144, 2145, 2146, 2147, 2148, 2149, 2150, 2151, 2152, 2153, 2154, 2155, 2156, 2157, 2158, 2159, 2160, 2161, 2162, 2163, 2164, 2165, 2166, 2167, 2168, 2169, 2170, 2171, 2172, 2173, 2174, 2175, 2176, 2177, 2178, 2179, 2180, 2181, 2182, 2183, 2184, 2185, 2186, 2187, 2188, 2189, 2190, 2191, 2192, 2193, 2194, 2195, 2196, 2197, 2198, 2199, 2200, 2201, 2202, 2203, 2204, 2205, 2206, 2207, 2208, 2209, 2210, 2211, 2212, 2213, 2214, 2215, 2216, 2217, 2218, 2219, 2220, 2221, 2222, 2223, 2224, 2225, 2226, 2227, 2228, 2229, 2230, 2231, 2232, 2233, 2234, 2235, 2236, 2237, 2238, 2239, 2240, 2241, 2242, 2243, 2244, 2245, 2246, 2247, 2248, 2249, 2250, 2251, 2252, 2253, 2254, 2255, 2256, 2257, 2258, 2259, 2260, 2261, 2262, 2263, 2264, 2265, 2266, 2267, 2268, 2269, 2270, 2271, 2272, 2273, 2274, 2275, 2276, 2277, 2278, 2279, 2280, 2281, 2282, 2283, 2284, 2285, 2286, 2287, 2288, 2289, 2290, 2291, 2292, 2293, 2294, 2295, 2296, 2297, 2298, 2299, 2300, 2301, 2302, 2303, 2304, 2305, 2306, 2307, 2308, 2309, 2310, 2311, 2312, 2313, 2314, 2315, 2316, 2317, 2318, 2319, 2320, 2321, 2322, 2323, 2324, 2325, 2326, 2327, 2328, 2329, 2330, 2331, 2332, 2333, 2334, 2335, 2336, 2337, 2338, 2339, 2340, 2341, 2342, 2343, 2344, 2345, 2346, 2347, 2348, 2349, 2350, 2351, 2352, 2353, 2354, 2355, 2356, 2357, 2358, 2359, 2360, 2361, 2362, 2363, 2364, 2365, 2366, 2367, 2368, 2369, 2370, 2371, 2372, 2373, 2374, 2375, 2376, 2377, 2378, 2379, 2380, 2381, 2382, 2383, 2384, 2385, 2386, 2387, 2388, 2389, 2390, 2391, 2392, 2393, 2394, 2395, 2396, 2397, 2398, 2399, 2400, 2401, 2402, 2403, 2404, 2405, 2406, 2407, 2408, 2409, 2410, 2411, 2412, 2413, 2414, 2415, 2416, 2417, 2418, 2419, 2420, 2421, 2422, 2423, 2424, 2425, 2426, 2427, 2428, 2429, 2430, 2431, 2432, 2433, 2434, 2435, 2436, 2437, 2438, 2439, 2440, 2441, 2442, 2443, 2444, 2445, 2446, 2447, 2448, 2449, 2450, 2451, 2452, 2453, 2454, 2455, 2456, 2457, 2458, 2459, 2460, 2461, 2462, 2463, 2464, 2465, 2466, 2467, 2468, 2469, 2470, 2471, 2472, 2473, 2474, 2475, 2476, 2477, 2478, 2479, 2480, 2481, 2482, 2483, 2484, 2485, 2486, 2487, 2488, 2489, 2490, 2491, 2492, 2493, 2494, 2495, 2496, 2497, 2498, 2499, 2500, 2501, 2502, 2503, 2504, 2505, 2506, 2507, 2508, 2509, 2510, 2511, 2512, 2513, 2514, 2515, 2516, 2517, 2518, 2519, 2520, 2521, 2522, 2523, 2524, 2525, 2526, 2527, 2528, 2529, 2530, 2531, 2532, 2533, 2534, 2535, 2536, 2537, 2538, 2539, 2540, 2541, 2542, 2543, 2544, 2545, 2546, 2547, 2548, 2549, 2550, 2551, 2552, 2553, 2554, 2555, 2556, 2557, 2558, 2559, 2560, 2561, 2562, 2563, 2564, 2565, 2566, 2567, 2568, 2569, 2570, 2571, 2572, 2573, 2574, 2575, 2576, 2577, 2578, 2579, 2580, 2581, 2582, 2583, 2584, 2585, 2586, 2587, 2588, 2589, 2590, 2591, 2592, 2593, 2594, 2595, 2596, 2597, 2598, 2599, 2600, 2601, 2602, 2603, 2604, 2605, 2606, 2607, 2608, 2609, 2610, 2611, 2612, 2613, 2614, 2615, 2616, 2617, 2618, 2619, 2620, 2621, 2622, 2623, 2624, 2625, 2626, 2627, 2628, 2629, 2630, 2631, 2632, 2633, 2634, 2635, 2636, 2637, 2638, 2639, 2640, 2641, 2642, 2643, 2644, 2645, 2646, 2647, 2648, 2649, 2650, 2651, 2652, 2653, 2654, 2655, 2656, 2657, 2658, 2659, 2660, 2661, 2662, 2663, 2664, 2665, 2666, 2667, 2



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